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BULGARIA

Passport Law: Text, Amendments, Subsequent Regulations

Text of 1969 Law

22000076 Sofia DURZHAVEN VESTNIK in Bulgarian
No 92, 28 Nov 69 page nos unknown

[Text]

No 1483

In accordance with Articles 24 and 35, point 3, of the Constitution of the Bulgarian People's Republic, the Presidium of the National Assembly

Decrees

The publication in DURZHAVEN VESTNIK of the Law on Passports, adopted by the Fifth National Assembly, 11th session, third sitting, held on 20 November 1969, which reads as follows:

Law on Passports

1. Citizens of the Bulgarian People's Republic can cross a state border and go to another country only with a Bulgarian passport or an equivalent document that will certify the identity of its owner and the right to cross the border and stay abroad as well as to return to the country.

2. The documents for crossing the border of the Bulgarian People's Republic and staying abroad are the following:

- a. Diplomatic passport;
- b. Official passport;
- c. Ordinary passport;
- d. Group passport;
- e. Emigration passport;
- f. Seamen's passport;
- g. Travel stub to the personal passport;
- h. Travel sheet (passeavant), valid only for returning to the country;
- i. Official pass.

The issuing of family passports is based on regulations governing the application of this law.

Children under the age of 16, who travel abroad together with all their relatives, may be entered in their passports.

A stateless individual is issued a special document for traveling and staying abroad.

The minister of internal affairs and minister of external affairs may introduce other documents as well for crossing the border and staying abroad.

3. Passports and visas are issued by: the Ministry of Foreign Affairs, Ministry of Internal Affairs, diplomatic and consular missions of the Bulgarian People's Republic, and other legally authorized agencies. The same may expand or extend the validity of the documents for staying abroad.

The procedure for issuing and use of seamen's passports is regulated with a separate law.

4. Diplomatic passports will be issued to individuals as stipulated by the Council of Ministers.

Official passports will be issued to individuals assigned to or sent to work abroad.

5. The Ministry of Foreign Affairs will issue:

- a. The diplomatic passports;
- b. The official passports of individuals as stipulated by the Council of Ministers.

The Ministry of Internal Affairs will issue all other passports other than those of seamen.

6. Passports will be issued to Bulgarian citizens abroad by the Bulgarian diplomatic or consular missions under the conditions stipulated in a regulation issued by the minister of external affairs and the minister of internal affairs.

7. Passports may not be issued to the following:

a. Infants, minors, and individuals under prohibition without the written agreement to travel abroad given by their parents, guardians or trustees.

b. Individuals who have been charged with a crime of a general nature and individuals sentenced for such crimes but who have not served their sentence, individuals who have been sentenced and not rehabilitated for the commission of other severe crimes, as well as individuals sentenced for the commission of customs and currency crimes;

c. Individuals sentenced to pay support, who have not taken the necessary steps for such payments to be made while they are abroad;

d. Individuals whose travel abroad is not consistent with the interests of the state or who, while staying abroad, have harmed the dignity of the Bulgarian People's Republic with their behavior;

e. Individuals who have violated the stipulations of the present law or the rules and regulations governing its application.

8. A passport may be revoked or its validity may be restricted for the reasons stipulated in Article 7 or if the purpose of the travel for which the passport was issued is no longer valid.

A passport may be revoked by the issuing authorities or by individuals authorized by them.

9. Individuals possessing passports as per the present law must procure foreign entrance and transit visas, should such visas be necessary, through the Ministry of Internal Affairs and, abroad, through the Bulgarian diplomatic and consular missions, unless otherwise stipulated.

10. Citizens of the Bulgarian People's Republic who reside on the territory of another country must register with the respective diplomatic or consular mission in the cases and according to the procedures stipulated in the regulation approved by the minister of foreign affairs.

11. The crossing of the state border of the Bulgarian People's Republic takes place at stipulated areas and control is provided by the border checkpoint authorities.

12. A fine not to exceed 200 leva will be levied on:

a. People who use an invalid passport or a passport which is valid but not for the country for which it was issued;

b. Individuals who, as a result of delayed request of permission for an extension of the validity of the passport remain abroad without permission;

c. Individuals who lose or damage their passports issued by the Bulgarian authorities;

d. Individuals who find a passport and fail to surrender it to the authorities within 7 days;

e. A Bulgarian citizen abroad who does not report his address and length of stay to the respective Bulgarian diplomatic or consular mission;

f. A Bulgarian citizen who uses a passport for a purpose other than the one stipulated.

Unless other penalties are stipulated for the violation of this law and the regulations and rules issued on its basis, the culprit will be fined by no more than 100 leva.

13. Penalties as per this law will apply if the committed act is not more severe and punishable by a different law.

14. Violations as per the present law may be noted with statements drawn up by the authorities of the Ministry of Internal Affairs or the Ministry of External Affairs.

On the basis of such statements, the minister of internal affairs, the minister of external affairs or officials assigned by them will issue punitive resolutions.

The drawing up of such statements and the formulation and appeal of penal resolutions will be based on the Law on Administrative Violations and Penalties.

The penal resolutions with which a fine not to exceed 20 leva has been levied may not be appealed.

In minor cases fines not to exceed 5 leva may be imposed, and a receipt issued without drawing up a statement or a penal resolution.

15. Fees as stipulated by the Council of Ministers will be charged for issuing passports, visas, and other documents for staying abroad or in accordance with the application of this law.

16. The minister of internal affairs and the minister of external affairs will issue regulations and directives on the application of this law, including the procedures and conditions for issuing, replacing, revoking, and keeping passports and determining, expanding, and extending their validity.

17. Section 1 and Articles 36, 37, and 38 of the Law on Passports and militia control over foreigners are deleted.

The implementation of the present law is assigned to the minister of internal affairs and the minister of external affairs.

Issued in Sofia on 20 November 1969 and sealed with the state seal.

For the Chairman of the Presidium of the National Assembly: D. Dimitrov
Secretary of the Presidium of the National Assembly: M. Minchev

1973 Regulation Modifying Law

22000076 Sofia *DURZHAVEN VESTNIK* in Bulgarian
No 92, 20 Nov 73 pp 2-4

[Ministry of Internal Affairs and Ministry of Foreign Affairs Regulation, Sofia, *DURZHAVEN VESTNIK*, Bulgarian, No 92, 20 November 1973, pp 2-4; originally published in JPRS 60878, 28 Dec 73 pp 1-14]

[Text]

Ministries and Departments

Ministry of Internal Affairs

Ministry of Foreign Affairs

Regulation

On the Application of the Law on Foreign Travel Passports

Chapter I

Types of Foreign Travel Documents and Authorities Issuing Them

Article 1. The following documents are issued for crossing the state border of the Bulgarian People's Republic and for staying in a foreign country:

1. Diplomatic passports—to individuals stipulated by the Council of Ministers, valid for no more than 5 years;

2. Official passports—to individuals assigned or sent to work abroad, valid for no more than 5 years. Official passports may also be issued to the members of the families of individuals leaving on extensive assignments or sent to work abroad;

3. Regular foreign travel passports—to individuals going abroad for private reasons such as tourism, visits, and others, valid for no more than 5 years;

4. Group passports—to groups going abroad organized by state or public organizations, valid for no more than 1 year and for one-time travel;

5. Emigration passports—to individuals emigrating from the Bulgarian People's Republic and changing their citizenship, valid for no more than 1 year;

6. Seaman's passport—to individuals and according to procedure stipulated in the Ukaze On Seaman's Passports and Seaman's Cards in the Bulgarian People's Republic (D.V., No 37 of 8 May 1956);

7. Travel stop added to identity passport—for traveling for private reasons on the basis of international treaties to which the Bulgarian People's Republic is a party, valid for no more than 1 year;

8. Travel permit—to Bulgarian citizens and individuals of Bulgarian citizenship returning to the Bulgarian People's Republic, valid for no more than 1 year;

9. Official pass—for crossing the state border on the basis of international treaties between the Bulgarian People's Republic and neighboring countries, valid no more than 1 year;

10. Border pass—for crossing the state border on the basis of international treaties concluded between the Bulgarian People's Republic and neighboring states, valid no more than 1 year.

Article 2 (1). The foreign travel passports may be individual (for one person), family, and group.

(2) Family passports are issued:

1. To married couples;
2. To married couples with children under 16;
3. To one of the spouses with children under 16;
4. To brothers and sisters, when one of them is 16 or older.

Article 3 (1). Children under 16 traveling abroad with older relatives may be entered in their foreign travel passports and travel stubs added to identity passports.

(2). Should it become necessary for children under 16 to travel without their parents, on the request of the parents or elder relatives, they may be issued individual foreign

travel passports or be entered in the foreign travel passports of the adult accompanying them. In the case of children over 5 years of age a separate photograph of each child is affixed on the travel stub of the identity passport.

Article 4 (1). The owner of a travel permit must return to the Bulgarian People's Republic within the time stipulated in the permit.

(2). Anyone who has returned to the Bulgarian People's Republic with a travel permit with a view to restoring his Bulgarian citizenship may use the permit to identify himself for no more than 3 years, within which time he must acquire an identification document.

Article 5 (1). Foreign travel passports are issued by:

1. The Ministry of Foreign Affairs—for diplomatic and official passports to individuals stipulated by the Council of Ministers;

2. Ministry of Internal Affairs—all remaining passports other than seamen's and travel permits;

3. The diplomatic and consular missions of the Bulgarian People's Republic—standard foreign travel passports and travel permits to Bulgarian citizens residing abroad.

(2). The authorities listed in the previous paragraph may broaden or extend the validity of foreign travel passports.

Chapter II

Procedure and Conditions for Issuing and Replacing Foreign Travel Passports

I. Within the Country

Article 6 (1). Bulgarian citizens assigned or sent to work, specialized, or study abroad, needing a foreign travel passport, must submit the following documents:

1. Order of assignment or being sent to work, specialization or studies abroad;
2. One 3x4 centimeter photograph;
3. A Ministry of Internal Affairs form;
4. Identity passport and for those under military registration, a military record book; should their absence exceed 3 months, a receipt issued by the corresponding military okruzhie for submitted military-record book.

(2). The documents under item 4 of the previous paragraph are kept by the respective ministry or other department and returned to the individual following his return to the Bulgarian People's Republic and submission of his foreign travel passport for safekeeping.

(3). Should the husband or wife, parent, sons or daughters wish to go abroad to an individual either working or

specializing there, they must also submit a written agreement of the corresponding military or other department who has assigned the individual.

Article 7 (1). Bulgarian citizens who wish to travel abroad for private reasons submit a written request to the Foreign Travel Passports Section of the Ministry of Internal Affairs, or to the respective services of okrug or rayon administrations of the same ministry at their place of residence. The request must include the country to which they will be traveling as well as the purpose and duration of their stay.

(2). The following must accompany the request:

1. Three photographs, 3x4 centimeters, for identity passport, and 4x6 centimeters for traveling passports, taken in the past 5 years, on fine photographic paper, faithfully showing the facial features of the petitioner;

2. A document issued by the establishment, enterprise, or organization employing the petitioner, agreeing to his trip to the respective country;

3. Statement of the port abroad, certified by the local authorities and by the diplomatic or consular mission of the Bulgarian People's Republic in the corresponding state. Instead of a declaration of support a document may be submitted issued by the Ministry of Finance or the Bulgarian Foreign Trade Bank showing possession of foreign currency which may be spent abroad;

4. A Ministry of Internal Affairs form and a statistical sheet providing the necessary personal information for the petitioner;

5. A protocol and a letter issued by the Commission on Sending Bulgarian Citizens for Treatment Abroad under the Ministry of Public Health, for individuals going for treatment or medical consultation;

6. A written permission issued by the people's council at the place of residence of individuals who are going abroad to be married to a foreigner;

7. A prescription certificate and written agreement issued by the corresponding military okruzhie for young people who have not undergone their regular military service; a military record book of the individuals with military records, if leaving for a period not exceeding 3 months, or a receipt issued by the corresponding military okruzhie for submitted military record book, for the others;

8. A certificate issued by the respective people's council for payment of taxes, fees, and other obligations to the state, with the exception of those leaving for no more than 3 months for a socialist country or in the case of official trips.

Article 8 (1). Requests for traveling abroad by minors, infants, or restricted individuals are filed by parents, guardians, or guarantors; should they be outside the Bulgarian People's Republic or are prevented from doing

so, such requests may be submitted also by individuals in charge of their upkeep and education.

(2). The written agreement of both parents is required for foreign travel by minor and infant offspring of marriages dissolved by a divorce or annulled. Should one of the parents object, a transcript is required of the decision of the rayon court, based on Article 61 of the Family Code. No parental agreement is necessary from a parent deprived of parental rights. The lack of parental rights is established on the basis of a certificate issued by the respective people's council or court.

Article 9 (1). Bulgarian citizens who would like to visit a foreign country as organized tourists submit requests to departments and organizations who have the right to organize trips abroad, attaching the following:

1. The documents listed in Article 8, paragraphs 1, 4, and 8 of this regulation;

2. A certificate issued by the establishment, enterprise, or organization expressing its agreement of a trip to the corresponding country.

(2). The departments and organizations as per paragraph 1 submit the documents received in connection with requests for foreign travel passports to the respective services of the Ministry of Internal Affairs. The same procedure is followed when, by permission of the Council of Ministers, establishments, enterprises, or organizations organize group travels abroad.

Article 10. Passing on requests for traveling abroad, the organs of the Ministry of Internal Affairs must take into consideration the stipulations of Article 7 of the Law on Foreign Travel Passports (D.V., No 92 of 28 November 1969), as well as:

1. The foreign exchange plans of the Ministry of Finance concerning the allocation of foreign exchange for travel abroad;

2. The need and expediency of the demand for individual or family travel for private reasons or group travel, unless it is official or along the line of organized tourism.

II. Abroad

Article 11. Regular foreign travel passports are issued to Bulgarian citizens formerly residing abroad by the diplomatic or consular missions of the Bulgarian People's Republic.

Article 12 (1). Regular foreign travel passports are issued in the following cases:

1. To individuals 16 years old or older;

2. In the expiration of validity or the impossibility to make further use of the old passport;

3. To individuals under 16 years of age, when going alone to another country;

4. In the case of destruction, damage, or loss of passports;

5. In the case of changes in the name or civil status of the person.

(2). When a new passport is issued the diplomatic or consular missions of the Bulgarian People's Republic destroy the old passport, for which a protocol is drawn up.

Article 13. The diplomatic or consular missions of the Bulgarian People's Republic may extend the validity of regular foreign travel passports of Bulgarian citizens formerly residing abroad for a term of no more than 5 years.

Article 14. A request must be submitted to the corresponding diplomatic or consular mission of the Bulgarian People's Republic for the issuance of a regular foreign travel passport or for extending its validity. The following documents must be added to the request:

1. Three photographs, 3x4 centimeters, for identity passport, and 4x6 centimeters for family passport, taken in the past 5 years, on fine photographic paper, faithfully showing the facial characteristics of the petitioner;

2. Documents proving Bulgarian citizenship and civil status only in the initial issuance of a passport.

Article 15. A regular foreign travel passport of Bulgarian citizens permanently residing abroad may be extended in accordance with the procedure stipulated by the Ministry of Foreign Affairs and the Ministry of Internal Affairs.

Article 16 (1). The diplomatic and consular missions of the Bulgarian People's Republic may extend the validity of foreign travel passports of Bulgarian citizens temporarily residing abroad for private reasons in cases of severe illness, or important family or other valid reasons, as follows:

1. For no more than 3 months for countries in Europe, the Near East, the Middle East, and North Africa;

2. For no more than 1 year in all other distant parts of the world;

3. In the case of students studying abroad by permission of the Committee for Science, Technical Progress, and Higher Education, and the Ministry of Public Education, for the term of their studies but not to exceed 5 years;

4. For individuals traveling with a travel stub attached to their identity passport, for no more than 1 month but no more than the time stipulated in the treaty with the corresponding country.

(2). The extension of the validity of the foreign travel passports for a longer period of time requires the permission of the competent authorities in the Bulgarian People's Republic.

(3). The diplomatic and consular missions of the Bulgarian People's Republic inform the Ministry of Foreign Affairs of any extension of the validity of foreign travel passports. Should the validity of passports of the conscripts or those with military records be extended, the Ministry of Internal Affairs informs the corresponding military *okruzhniya*.

Article 17. Broadening the validity of foreign travel passports for Bulgarian citizens temporarily residing abroad and who have left for private reasons may be done by permission of the competent organs of the Bulgarian People's Republic.

Article 18 (1). Bulgarian citizens temporarily residing abroad for private reasons who have lost their foreign travel passports may return to the country with travel permits issued by the diplomatic or consular missions of the Bulgarian People's Republic.

(2). Lost foreign travel passports may be replaced by the diplomatic or consular missions of the Bulgarian People's Republic only by permission of the Ministry of Foreign Affairs, received in advance.

Article 19. Students, graduate students, and individuals who have gone abroad for specialization or studies are considered Bulgarian citizens temporarily residing abroad.

Article 20 (1). Should a preliminary permission be necessary for extending the validity of a foreign travel passport of Bulgarian citizens temporarily residing abroad, the request, together with a filled questionnaire, must be sent to the Ministry of Foreign Affairs.

(2). Requests as per the preceding paragraph must be motivated in detail and supported by the corresponding official documents (certificate issued by the school, medical certificate, declaration of support, and others), translated into Bulgarian. The accompanying letter of the diplomatic or consular mission of the Bulgarian People's Republic must provide a substantiated view and an opinion on the veracity of the documents attached to the request.

Article 21 (1). The diplomatic and consular missions of the Bulgarian People's Republic may extend the stay abroad of Bulgarian citizens with official assignments in the case of legitimate reasons for no more than 1 month; in the case of specialists, until the end of the term stipulated in the contract on the basis of which they have been sent to work abroad, but not to exceed 4 years.

(2). The extension of the validity of foreign travel passports for a longer period of time may be granted by permission of the competent organs in the Bulgarian People's Republic.

Article 22. Broadening the range of validity of foreign travel passports to include other countries or in the case of officially assigned individuals is based on the procedure established by the Ministry of Foreign Affairs and the Ministry of Internal Affairs.

Article 23. In the case of major and sufficiently substantiated considerations, by permission of the Ministry of Foreign Affairs, the diplomatic and consular missions of the Bulgarian People's Republic may take measures to shorten the stay of officially assigned individuals.

Article 24. The diplomatic and consular missions of the Bulgarian People's Republic may extend the validity of diplomatic and official passports issued by the Ministry of Internal Affairs to people working abroad for no more than 1 year without the preliminary permission of the Ministry of Foreign Affairs, unless instructions to the contrary have been received. The Ministry of Foreign Affairs is informed of the extension granted.

Article 25. The validity of official passports issued by the Ministry of Foreign Affairs may be broadened to cover other countries on the basis of a procedure established by the Ministry of Foreign Affairs.

Chapter III

Procedure and Conditions for Granting Visas

Article 26. Having received their foreign travel passports, the Bulgarian citizens must receive the necessary visas.

Article 27. The visas may be the following:

1. Foreign entrance—issued for the countries where the individuals will be staying;
2. Foreign transit—issued for countries through which the individuals will pass in transit;
3. Bulgarian exit—issued for going abroad.

Article 28 (1). Foreign visas are obtained through the Consular Section of the Ministry of Foreign Affairs prior to the issuance of a Bulgarian exit visa.

(2). No transit or entrance visas are issued for countries with which the Bulgarian People's Republic has concluded bilateral international treaties for visa-free travel, or countries who have unilaterally established a nonvisa system.

Article 29. The Bulgarian exit visas may be:

1. Single—valid for one departure to a foreign country, for crossing the state border of the Bulgarian People's Republic within 30 days from the date of their issuance. Following the expiration of the term it may be extended or a new visa may be issued;
2. Multiple—valid for an undetermined number of trips abroad, for a term of no more than 2 years.

Article 30. In a first trip abroad with the newly issued foreign travel passport the trip to certain countries may be made without the issuance of an exit visa. An exit visa must be issued for each subsequent trip using the same passport.

Article 31. The exit visa must show the length of stay abroad for the specific trip. The owner of the foreign travel passport must return to the Bulgarian People's Republic within this period regardless of the validity of the foreign travel passport.

Article 32. The Ministry of Foreign Affairs issues exit visa to individuals who will be traveling abroad for diplomatic or official passports issued by the same ministry. All other exit visas must be issued by the Ministry of Internal Affairs.

Article 33 (1). The following documents must be submitted for the issuance of an exit visa:

1. For a trip for private reasons and a stay abroad not exceeding 6 months:

- a. Identity passport;

- b. Military record book, if the individual has a military record, or receipt issued by the respective military okruzhie for submitted military record book, if in excess of 3 months;

- c. A filled border control sheet—one each for leaving and entering.

2. For staying abroad in excess of 6 months for private reasons and for emigration from the Bulgarian People's Republic:

- a. The documents stipulated in item 1;

- b. Certificate from the procuratorship that no preliminary indictment has been filed against the individual for a crime of a general nature;

- c. Police certificate;

- d. Certificate from the court bailiff to the effect that the individual has no obligations to the state;

- e. Certificates from the State Insurance Institute and the State Savings Bank to the effect that the individual has no obligations to them;

- f. Certificate from the respective people's council to the effect that the individual does not owe taxes, fees, or other debts to the state, with the exception of individuals going abroad on official assignments;

- g. Certificate from the establishment, enterprise, or organization employing the individual, or from his last place of work, to the effect that the individual has no obligations toward it;

- h. Certificate issued by the Pensions and Social Welfare Section of the respective okrug people's council to the effect that the pension of the individual will be stopped.

- (2). In the case of visas for a subsequent trip with a foreign travel passport whose validity does not have to be extended, only the statistical sheets must be filled; in

the case of official trips a letter is requested from the establishment, enterprise, or organization assigning the individual to work abroad.

Chapter IV

Procedure and Conditions for the Withdrawal and Safekeeping of Foreign Travel Passports and for Invalidating Exit Visas

Article 34. Foreign passports may be withdrawn and visas issued may be invalidated for reasons stipulated in Article 7 of the Law on Foreign Travel Passports, or should the purpose of the trip for which they were issued become inoperative.

Article 35 (1). The following have the right to withdraw foreign travel passports and to invalidate issued visas:

1. The Ministry of Foreign Affairs, for diplomatic and official passports it issues;

2. The Ministry of Internal Affairs, for foreign travel passports which it issues, as well as for regular foreign travel passports issued by the diplomatic and consular missions of the Bulgarian People's Republic.

(2). Seamen's passports and visas may be withdrawn and invalidated by the authorities who have issued them.

(3). The border control passing point authorities, in the case of violations of the Law on Customs (D.V., No 21, of 11 March 1960), the Law on Deals with Foreign Exchange Values and Foreign Exchange Control (D.V., No 51, of 1 July 1966), the Ukaze on Seamen's Passports and Seamen's Books in the Bulgarian People's Republic, and the Law on Foreign Travel Passports, and the present regulations; these authorities may retain the documents for traveling abroad of the violators and forbid them temporarily from leaving the Bulgarian People's Republic, for which they must immediately inform the authorities who have issued the foreign travel documents and undertook their withdrawal on the basis of the proper instructions.

Article 36 (1). Foreign travel passports, including those with multiple visas, must be submitted for safekeeping within 10 days following the return of the citizens to the Bulgarian People's Republic, as follows:

1. Diplomatic and official passports issued by the Ministry of Foreign Affairs—to the Consular Section of the Ministry. The Ministry of Foreign Affairs may allow the safekeeping of such passports by other ministries and departments as well;

2. Official passports issued by the Ministry of Internal Affairs—to the respective ministries, other departments, or okrug people's councils who have assigned or sent to work abroad the passport owners. Passports with multiple visas are delivered to their owners for foreign travel against an assignment order;

3. Seamen's passports—to the rayon state navigation inspectorates;

4. All other foreign travel passports—to the respective services of the Ministry of Internal Affairs who have issued them.

(2). Official foreign travel passports kept by the respective ministries and other departments or okrug people's councils are returned to the issuing authority in the case of the dismissal or transfer of the owner of the passport to another ministry, department, or okrug people's council, when the respective department head considers that it will no longer be necessary to send the passport owner abroad, after the validity of the passport has expired, or in the case of its withdrawal or invalidation.

(3). The travel stubs attached to identity passports are removed by the border control passing points on the return of the individuals to the Bulgarian People's Republic.

Article 37. Ministries, other departments, or okrug people's councils keeping foreign travel passports must demand their prompt submission by the citizens and ensure their proper safekeeping.

Article 38. A Bulgarian citizen who has lost his foreign travel passport must immediately inform the issuing authority or, if abroad, the diplomatic or consular mission of the Bulgarian People's Republic.

Chapter V

Procedure and Conditions for Crossing the State Border of the Bulgarian People's Republic

Article 39 (1). A Bulgarian citizen may cross the state border of the Bulgarian People's Republic with a valid foreign travel passport or any other substituting document for traveling abroad certifying to his identity and the right to cross, and supplied with the necessary visas and filled border control sheet.

(2). The state border of the Bulgarian People's Republic may be crossed only at the border control passing points where the personal documents are submitted for control and the date of exit or entry into the country is entered.

Article 40. The organs of the border control passports let through Bulgarian citizens traveling to foreign countries in the direction of the countries for which their foreign travel passports and visas are valid.

Article 41 (1). Arriving in a foreign country for a stay in excess of 1 week, the Bulgarian citizen must present himself to the diplomatic or consular mission of the Bulgarian People's Republic and register in the list of Bulgarian citizens residing abroad, reporting his date of arrival, settlement, reasons for his arrival, and departure date. Such information may be submitted in writing in the case of hindrances preventing his appearance in the diplomatic or consular mission of the Bulgarian People's Republic.

(2). In the case of travels with tourist, sport, or other organized groups, only the head of the group, who

provided information on the number of participants in the group, must register with the diplomatic and consular missions of the Bulgarian People's Republic.

Chapter VI

Officials Who Have the Right To Draw Up Indictments and Issue Penal Decrees for Violations of the Law on Foreign Travel Passports

Article 42 (1). Indictments on noted violations of the Law on Foreign Travel Passports may be drawn up by the authorities who have issued the foreign travel passports and visas, and by officials of the border control passing points.

(2). Penal decrees may be issued by the head of the Foreign Travel Passport Section of the Ministry of Internal Affairs, the heads of the Sofia City and Sofia Okrug Administrations of the Ministry of Internal Affairs, the chief of the Consular Section of the Ministry of Foreign Affairs, as well as the head of the diplomatic or consular missions of the Bulgarian People's Republic.

Additional Stipulations

1. State fees are levied for the issuance of documents for traveling abroad and for other documents and actions related to the application of the Law on Foreign Travel Passports, as per Tariff No 4—departmental tariff of the Ministry of Internal Affairs, in accordance with the Law on State Fees.

2. All documents drawn up in a foreign language, submitted as proof of a certain fact, must be legalized and translated by the Ministry of Foreign Affairs.

Concluding Stipulations

1. The Minister of Internal Affairs and the Minister of Foreign Affairs may issue instructions to their subordinate authorities on the application of this regulation.

2. This regulation is issued on the basis of Article 16 of the Law on Foreign Travel Passports (D.V., No 92, of 28 November 1969).

Minister of Internal Affairs: D. Stoyanov
Minister of Foreign Affairs: P. Mladenov

1983 Amendments to 1973 Regulation

22000076 Sofia DURZHAVEN VESTNIK in Bulgarian
28 Jun 83 pp 651-652

[Ministry of Internal Affairs and Ministry of Foreign Affairs Regulation on Amendments and Supplements to the Regulation on the Application of the Law on Foreign Travel Passports (DV No 92, 1973); originally published in JPRS 84097, 11 Aug 83]

[Text] No 1. A new Paragraph 3 will be added to Article 5, to read as follows:

“(3) In coordination with the organs of the Ministry of Internal Affairs the diplomatic and consular missions of

the Bulgarian People's Republic will issue, expand or extend the validity of foreign travel passports as per the preceding paragraphs.”

No 2. The following text will be added to Article 6, Paragraph 3: “The passport will be issued for a period indicated in the department's letter but for no longer than the period granted to the individual to be visited. No visits to people with an assignment of 3 months or less will be allowed.”

No 3. New paragraphs 3 and 4 will be added to Article 9, to read as follows:

“(3) Travel by Bulgarian citizens to nonsocialist countries will be allowed once every 3 years through the Shipka Agency of the Bulgarian Automobile Association, and once every 2 years through other tourist organizations or on a private basis, using the foreign currency allocated on an annual basis by the Bulgarian National Bank. An annual trip is permitted to socialist countries. Exceptions will be allowed by permission of the minister of internal affairs or his official representatives.

“(4) Tourist trips may be organized on the basis of the production-territorial principle. The groups may be formed on the territory of a conurbation system by one or several enterprises, establishments or organizations.”

No 4. Chapter two, Section II will be amended and supplemented as follows:

II. Abroad

Article 11. (1) Ordinary foreign travel passports may be issued to a Bulgarian citizen permanent resident in a foreign country, who has proved through his behavior his loyalty to the Bulgarian People's Republic, and to his children, provided that they left the country before the end of 1981 or live abroad because of a mixed marriage of 5-years' duration.

(2) A foreign travel passport as per Paragraph 1 may be issued in principle for countries stipulated in the petition, unless considerations exist for excluding some of these countries, with a stamp “Permanent resident of...(name of the country).”

Article 12. A Bulgarian citizen who is a permanent resident abroad and is the owner of a foreign travel passport will use said passport for identification purposes during his stay in the Bulgarian People's Republic.

Article 13. (1) A permanent resident abroad who applies for a foreign travel passport or for a new passport because of damage, loss or change of name must submit the following documents to the diplomatic or consular mission of the Bulgarian People's Republic:

1. Petition-declaration in three copies;
2. Three 5x4 photographs consistent with the appearance and age of the petitioner, taken during the last 2 years;
3. Document certifying to paid passport fee.

(2) The diplomatic or consular mission of the Bulgarian People's Republic will send two copies of the petition-declaration and two photographs through the services of the Consular Department of the Ministry of Foreign Affairs to the Foreign Travel Passports Department of the Ministry of Internal Affairs.

Article 14. The foreign travel passport of a Bulgarian citizen permanently residing abroad, who has been deprived of or released from Bulgarian citizenship, will be sent to the Foreign Travel Passports Department of the Ministry of Internal Affairs.

Article 15. The diplomatic or consular missions of the Bulgarian People's Republic may extend the validity of passports of permanent residents abroad for a period not to exceed 5 years.

Article 16. Bulgarian citizens who are permanent residents abroad and have a foreign travel passport may visit the Bulgarian People's Republic freely. In leaving the country for a nonsocialist country they must be issued an exit visa by the passport service of the Ministry of Internal Affairs within one day's time without formalities.

Article 17. The diplomatic and consular missions of the Bulgarian People's Republic may broaden the validity of the passports of Bulgarian citizens who are permanent residents in a nonsocialist country and inform of this fact the Consular Department of the Ministry of Foreign Affairs.

Article 18. The diplomatic and consular missions of the Bulgarian People's Republic may expand the validity of the passports of Bulgarian citizens residing in socialist countries unless this conflicts with the passport system of the respective country.

Article 19. The diplomatic and consular missions of the Bulgarian People's Republic may extend the validity of passports held by Bulgarian citizens temporarily abroad without the concurrence of the Consular Department of the Ministry of Foreign Affairs in the following cases:

1. Severe illness and major family or other reasons, for a period of 3 months;
2. Students attending school by permission of the Ministry of Public Education, for the duration of their studies.

Article 20. The diplomatic and consular missions of the Bulgarian People's Republic may extend the validity of the passports of workers, specialists and students and members of their families for other countries without the concurrence of the Consular Department of the Ministry of Foreign Affairs in the following cases:

1. From one socialist country to other socialist countries;
2. From a nonsocialist country to other countries only in the case of their definitive return to the Bulgarian People's Republic;

3. If the individuals are spending their leave in the Bulgarian People's Republic, for countries along their direct itinerary.

Article 21. Except for the cases stipulated in Articles 17 and 20, requests filed by citizens for extending the validity and expanding the range of countries covered in the passport must be sent with accompanying opinion by the embassy or consulate through the Consular Department of the Ministry of Foreign Affairs to the Foreign Travel Passports Department of the Ministry of Internal Affairs for Sofia residents and to the respective okrug administration of the Ministry of Internal Affairs for residents elsewhere. The other required documents submitted by the citizens must accompany the request.

Article 22. The diplomatic or consular missions of the Bulgarian People's Republic may extend the validity of foreign travel passports held by Bulgarian workers and specialists and members of their families on the basis of a written permission issued by the Foreign Travel Passports Department of the Ministry of Internal Affairs and an order on the extension of the contract.

Article 23. Bulgarian citizens who are temporary residents abroad and whose passport has been damaged, destroyed or lost must return to the country with a travel card (passavant) issued by the diplomatic or consular mission of the Bulgarian People's Republic.

Article 24. The diplomatic and consular missions of the Bulgarian People's Republic may extend the validity of diplomatic or official passports issued by the Ministry of Foreign Affairs for no more than 1 year from the date of their issuance and inform the ministry of this fact.

Article 25. The extension of the validity of official passports issued by the Ministry of Foreign Affairs for other countries is based on the procedure stipulated by the minister of foreign affairs.

No 5. In article 29, Point 1, the words "30 days" are changed to "60 days."

Minister of Internal Affairs: D. Stoyanov

Minister of Foreign Affairs: P. Mladenov

1989 Amendments to Law

22000076 Sofia *DURZHAVEN VESTNIK* in Bulgarian
No 38, 19 May 89, pp 1-2

[Text]

National Assembly Ukase No 798

On the basis of Articles 84, paragraph 1, and 93, item 6 of the Constitution of the Bulgarian People's Republic, the State Council of the Bulgarian People's Republic decrees:

The publication in *DURZHAVEN VESTNIK* of the Law Amending and Supplementing the Law on Passports.

Issued in Sofia on 11 May 1989 and sealed with the state seal.

Chairman of the State Council of the Bulgarian People's Republic: T. Zhivkov

Secretary of the State Council of the Bulgarian People's Republic: N. Manolov

Law Amending and Supplementing the Law on Passports (DV, No 92, 1969)

1. Article 1 will be amended to read as follows:

1. Any citizen of the Bulgarian People's Republic has the right to leave the country and to return to the country with a Bulgarian passport or a substituting document.

The right as per paragraph 1 is not subject to any restrictions unless they are necessary for the protection of national security, public order, and public health or morality or else the rights and freedoms of other citizens, as stipulated by the law.

2. Article 2 is amended to read as follows:

2. The documents needed for crossing the border of the Bulgarian People's Republic are the following:

- a. Ordinary passport;
- b. Diplomatic passport;
- c. Official passport;
- d. Seamen's passport;
- e. Travel sheet (passeavant), for returning to the country only;
- f. Official pass.

Children under the age of 16, who travel with adult relatives may be included in their passports.

Stateless individuals will be issued a special document for crossing the border.

The minister of internal affairs and the minister of foreign affairs may also introduce other documents for crossing the border.

The passport is valid for 5 years from the date of issuance. Its validity may be extended.

3. Article 6 is amended to read as follows:

6. Passports or substituting documents as per Article 2 for Bulgarian citizens abroad may be issued by Bulgarian diplomatic or consular missions under the stipulations of this law.

4. Article 7 is amended to read as follows:

7. A foreign passport or exit visa may not be issued to the following:

a. Infants, minors or people under prohibition without the written agreement to travel abroad given by their parents, tutors or guardians;

b. Individuals charged with a crime of a general nature or people sentenced for such crimes but who have not served their sentence;

c. Individuals who are sentenced to pay support to someone else and have not provided for such support for the period of their stay abroad;

d. Individuals whose traveling threatens the security of the Bulgarian People's Republic;

e. Individuals who, in requesting a passport or exit visa have provided incorrect data related to the reasons for the refusal—6 months after submitting the request;

f. Individuals who have substantial monetary obligations to the state, Bulgarian juridical persons, and Bulgarian citizens, as stipulated by the courts, unless their personal property can cover their obligation or unless they can submit reliable collateral;

g. Individuals who have been sentenced or punished for systematic violations of Bulgarian customs or currency legislation—1 year from the completion of their latest penalty;

h. Individuals punished for violating customs control regulations related to narcotics—1 year after serving the penalty.

Issuing a passport to Bulgarian citizens who are permanent residents abroad may be refused only under exceptional cases and as a temporary measure in the case of Article 7, letter "d."

5. New articles 7a and 7b are added, as follows:

7a. The actual and legal grounds for a refusal to issue a passport or exit visa must be reported in writing to the petitioner.

7b. Petitions for a passport and exit visa must be considered within no less than 1 month and, if the reason for the travel is severe illness, death of a relative or other urgent reasons, no longer than 3 days.

Requests for a passport with a view to the reunification of separated families or for marrying a citizen of another country must be reviewed within 3 months.

6. Article 8 is amended to read as follows:

8. A passport may be revoked or an exit visa invalidated for the reasons stipulated in Article 7, until such reasons no longer exist.

7. In Article 9 the words "and abroad—through Bulgarian diplomatic or consular missions"—are deleted.

8. Article 12 is amended to read as follows:

12. A fine of no more than 500 leva will be levied on:

- a. Individuals using an invalid foreign passport:
- b. Individuals who have failed to return to the country without valid reasons for a period not to exceed 3 months from the expiration of the exit visa:
- c. Individuals who lose or damage a passport issued by the Bulgarian authorities:
- d. Bulgarian citizens who are in a foreign country for more than 1 month and have failed, within the stipulated time, to report to their respective Bulgarian diplomatic or consular mission their residence and duration of stay.

Bulgarian citizens who without valid reasons fail to return to the country for more than 2 years following the expiration of the exit visa will be punished with a fine not to exceed 1,000 leva.

9. A new Article 14a is created, as follows:

14a. Refusal to issue a passport or exit visa or revocation of a passport and invalidation of an exit visa may be appealed in accordance with the Law on Administrative Procedures.

10. Article 16 is amended to read as follows:

16. The Council of Ministers will adopt a regulation on the application of the law.

11. Article 17 is amended to read as follows:

17. "Family" in the sense of this law will include spouses and minor unmarried children.

12. The following is created:

Final Stipulation

The present law will be effective as of 1 September 1989.

The present law was adopted by the Ninth National Assembly, 10th session, second sitting, held on 10 May 1989, and sealed with the state seal.

Chairman of the National Assembly of the Bulgarian People's Republic: St. Todorov

Previous FBIS Material on Bulgarian Passport Laws

"Government Approves Draft Amendments to Laws" Sofia BTA in English 1712 GMT, 13 Apr 89, FBIS-EEU-89-071, 14 Apr 89 pp 4-5.

"Justice Minister Queried on Changes in Law" Sofia RABOTNICHESKO DELO in Bulgarian 17 Apr 89 pp 1, 3, FBIS-EEU-89-076, 21 Apr 89 pp 2-4.

"Parliamentary Commissions Discuss New Passports" Sofia BTA in English 1753 GMT, 24 Apr 89, FBIS-EEU-89-079, 26 Apr 89 p 15.

"National Assembly 10th Session Opens 9 May" Sofia BTA in English 1721 GMT, 9 May 89, FBIS-EEU-89-089, 10 May 89 pp 5-6.

"National Assembly Adopts Laws, Ends Session" Sofia BTA in English 1428 GMT, 10 May 89, FBIS-EEU-89-090, 11 May 89 pp 5-6.

"Leaders Deliver Speeches at National Assembly" Sofia RABOTNICHESKO DELO in Bulgarian 10 May 89 p 2, FBIS-EEU-89-093, 16 May 89 pp 5-6.

"Internal Minister Interviewed on New Passports" Sofia RABOTNICHESKO DELO in Bulgarian 10 May 89 p 2, FBIS-EEU-89-093, 16 May 89 pp 8-9.

"Ambassador Lyuben Petrov on New Citizenship Law" Sofia RABOTNICHESKO DELO in Bulgarian 10 May 89 p 2, FBIS-EEU-89-094, 17 May 89 pp 9-10.

"Internal Affairs Ministry on New Passports" Sofia NARODEN MLADEZH in Bulgarian 17 May 89 p 2, FBIS-EEU-89-096, 19 May 89 p 9.

"Riots in Razgrad, Varna Regions on 20-21 May" Sofia BTA in English 1752 GMT, 23 May 89, FBIS-EEU-89-099, 24 May 89 p 5.

"Unclear Bulgarian Citizenship Laws Prompt Tension," Moscow TASS in English 1831 GMT, 24 May 89, FBIS-SOV-89-100, 25 May 89 pp 38-39.

"Zhivkov Delivers Statement on Ethnic Unrest" Sofia Domestic Service in Bulgarian 1700 GMT, 29 May 89, FBIS-EEU-89-102, 30 May 89 pp 5-7.

"Zhivkov Discusses Ethnic Tension in Bulgaria" Moscow TASS in English 1249 GMT, 30 May 89, FBIS-SOV-89-103, 31 May 89 p 31.

"Over 60,000 Support Zhivkov Statement on Unrest" Sofia BTA in English 1208 GMT, 31 May 89, FBIS-EEU-89-104, 1 Jun 89 pp 10-11.

"Editorial Examines 'Malevolent Interference'" Sofia RABOTNICHESKO DELO in Bulgarian 31 May 89 p 1, FBIS-EEU-89-105, 2 Jun 89 pp 9-10.

"BCP Daily Comments on Mladenov's Paris Speech" Sofia BTA in English 0740 GMT, 1 Jun 89, FBIS-EEU-89-105, 2 Jun 89 pp 6-7.

"Several Killed in Bulgaria Ethnic Unrest" Moscow IZVESTIYA in Russian 3 Jun 89 Morning Edition p 8, FBIS-SOV-89-106, 5 Jun 89 pp 24-25.

"Passports, Relations with Turkey Viewed" Sofia RABOTNICHESKO DELO in Bulgarian 5 Jun 89 pp 1-2, FBIS-EEU-89-107, 6 Jun 89 pp 2-3.

"Interior Minister Explains New Passport Policy" Sofia ANTENI in Bulgarian 31 May 89 p 5, FBIS-EEU-89-111, 12 Jun 89 pp 3-5.

"Interior Minister Explains New Passport Policy, Travel Difficult Despite New Law," Paris AFP in English 1314 GMT, 12 Jun 89, FBIS-EEU-89-111, 12 Jun 89 p 5.

"Foreign Ministry Official Discusses Passports," Sofia RABOTNICHESKO DELO in Bulgarian 11 Jun 89 p 2, FBIS-EEU-89-113, 14 Jun 89 pp 12-13.

"Media Coverage of Turkish Minority Issue Viewed," [FBIS Editorial Report—AU 1406135089, FBIS-EEU-89-114, 14 Jun 89 p 14.

"Interior Ministry Official on New Passports," Sofia BTA in English 1233 GMT, 8 Jun 89, FBIS-EEU-89-105, 20 Jun 89 p 8. See corrections in FBIS-EEU-89-117, 20 Jun 89 pp 8-9.

"Foreign Ministry on Citizens' Rights Abroad," Sofia RABOTNICHESKO DELO in Bulgarian 17 Jun 89 p 4, FBIS-EEU-89-117, 20 Jun 89 pp 9-10.

"16-21 June Press Coverage of Muslim Issue," [FBIS Editorial Report—AU 2306194189, FBIS-EEU-89-121, 26 Jun 89 pp 10-11.

"Officials Discuss Consequences of Emigration," Sofia POGLED in Bulgarian 26 Jun 89 pp 8-9, FBIS-EEU-89-128, 6 Jul 89 pp 16-17.

"PRAVDA Reports on Turkish Exodus from Bulgaria," Moscow PRAVDA in Russian 29 Jun 89 [Second Edition] p 5, FBIS-SOV-89-133, 13 Jul 89 pp 31-32.

"Council of Europe Delegation Concludes Visit," Paris AFP in English 0836 GMT, 20 Jul 89, FBIS-EEU-89-138, 20 Jul 89 p 6.

"Party Work in Khaskovo Regarding Muslim Issue," Sofia RABOTNICHESKO DELO in Bulgarian 19 Jun 89 pp 1-2, FBIS-EEU-89-139, 21 Jul 89 pp 4-5.

West German Daily Reports on Bulgarian Dissidents

23000216 Bonn DIE WELT in German 10 Aug 89 p 5

[Article by Franz Kadell: "Intellectuals Demand Accounting From Sofia"]

[Text] The "Club in Support of Glasnost and Perestroika in Bulgaria" has delivered to the National Assembly a letter in which the policy toward the Turkish minority is sharply criticized and an explanation of the circumstances which in 1984 led to the compulsory transformation of Muslim names into Bulgarian ones is demanded.

The incident is the only one of its kind to take place thus far. It is not only the first collective position taken by the club (thus far only individual protest letters have been presented), but also a previously nonexistent form of cooperation of prominent intellectuals, many of whom do not belong to the club and are party members. Among

the 121 individuals who signed the letter are the academicians Sheludko (chemist), Datsev (physicist), the satirist, Ralin, the cartoonist, Dimovski, the poetess, Dimitrova, the sociologist, Zhelev, and the old party poet, Radevski.

At the beginning of the letter the signers complain that they have been "deprived of the opportunity to publicly discuss the critical problems of our country." In view of the massive emigration of the "Bulgarian citizens with ethnic Turkish consciousness," which is far from reaching its end, "our country is threatened by a general—economic, political, moral, and ideological—crisis. Especially dangerous to us is the fact that this situation calls into question the policy of democratic reforms, which have been successfully implemented in many other socialist countries."

The club expresses great concern over the decree of 4 July on the civilian mobilization, which gives the authorities a free hand to take measures to compensate for the loss of Turkish labor: "What guarantees could we have that this will not lead to restoration of a large part of the intellectual and political arsenal of Stalinism and neo-Stalinism?"

The signers demand information on the reasons behind the forced assimilation: "Under what circumstances and by which authorities were the decisions made? How can they be reconciled with the constitution and existing laws? By what means were they implemented?"

GERMAN DEMOCRATIC REPUBLIC

EINHEIT Summaries of Selected Articles in August 1989 Issue

23000211a East Berlin EINHEIT in German
Vol 44 No 8, Aug 89 (signed to press
12 Jul 89) pp 690, 783

[Text]

Socialism in a Performance Society

[Summary of article by Prof Dr Otto Reinhold, SED CC [Socialist Unity Party of Germany Central Committee] member, rector of the SED CC Academy for Social Sciences, member of the GDR Academy of Sciences, external member of the USSR Academy of Sciences, and member, EINHEIT editorial board; pp 700-706. Full translation of article appears in this JPRS report.]

Both Marx and Engels, with their performance and distribution principles, which are valid for socialism, simultaneously clarify the fact that: performance must precede distribution. What is the status regarding the realization of this postulate and what conclusions are to be drawn from it? Why is it inadequate to reduce the performance principle to wage and bonus questions, why does egalitarianism not benefit anyone? How does the consistent application of the performance principle promote attitudes toward socialist property so that everyone

respects it and augments it? In other words, what is it that stamps socialism as a performance society?

Performance, Progress, and Justice

[Summary of article by Prof Dr Harry Nick, research department head at the Institute for the Political Economy of Socialism in the SED CC Academy for Social Sciences; pp 707-712. Full translation of article appears in this JPRS report.]

How can the great resonance brought about by the discussions regarding the performance principle be found, despite the fact that there are hardly any differences of opinion regarding its necessity? What is required of consistent performance evaluation, which is so eminently important to the practical handling of the performance principle and what does it effectuate? What relationship is there between the performance principle and social equality for which socialism created social conditions for the first time?

Management and Performance

[Summary of article by Prof Dr Lothar Hummel, department head at the Central Institute for Socialist Management in the SED CC; pp 713-718]

Further dynamic performance development in our national economy will essentially be determined by the level of management, by a rational, realistic working style adopted by managers which motivates workers. What characterizes the working style of successful managers? How do they master the requirements of tactical and strategic work, how do they utilize the opportunities provided by socialist democracy and by the socialist performance principle?

On the Stimulating Effect of Performance-Justified Remuneration

[Summary of article by Dr Frank Adler, deputy director of the Institute for Marxist-Leninist Sociology at the SED CC Academy for Social Sciences; pp 719-724]

What is meant by performance-bound income differentiation and how does it work? What is the connection between the effectiveness of performance-oriented remuneration and the supply of consumer goods and services? How must the performance principle be carried out in the area of science and technology so as to create appropriate effect conditions specifically also for top performers?

Our Way and Our Ideals

[Summary of article by Prof Dr Herbert Steininger, director of the section for Marxism-Leninism at Humboldt University in Berlin; pp 725-729]

Realization of fundamental humanistic ideals of the revolutionary worker movement, as well as other progressive forces of the German people, characterizes life

in our country. What is the basis of the motivating force of these ideals and what requirements accrue from it for ideological work?

Property and Property Owners

[Summary of article by Prof Dr Gerhard Schulz, research department head at the Institute for Political Economics of Socialism in the SED CC Academy of Social Sciences, corresponding member of the GDR Academy of Sciences; pp 730-735]

Socialist property—people's property and cooperative property—has proved to be a stable foundation of constantly increasing economic strength and the resulting increase in the standard of living. How shall we continue to shape it in the 1990's? How do we find potentials for the shaping of developed socialism which are based in the multiplicity of our production and property ownership conditions?

The Juvenile Collective of the FDJ in Its Struggle for Scientific-Technical Maximum Performance

[Summary of article by Dr Werner Gerth, scientific institute secretary at the Central Institute for Juvenile Research at the GDR Council of Ministers; Norbert Spitzky, scientific collaborator at the Central Institute for Juvenile Research at the GDR Council of Ministers; and Dr Gisela Thiele, scientific collaborator at the Central Institute for Juvenile Research at the GDR Council of Ministers; pp 736-740]

Currently, there are more than 5,000 juvenile research collectives of the FDJ [Free German Youth] in our republic. Some 755 of them have taken on demanding scientific-technical tasks calling for the development and introduction of key technologies as "party objectives of the FDJ" in preparation for the FDJ Whitsuntide meeting. What experiences can they build on? What new development tendencies are to be seen? How is performance readiness stimulated? Juvenile research collectives as cadre forges.

Milestones in the Struggle for Peace and Social Progress

[Summary of article by Prof Dr Rolf Dlubek, sector chief at the Institute for Marxism-Leninism at the SED CC, and Prof Dr Jutta Seidel, research department head in the history section of Karl Marx University of Leipzig; pp 741-746]

What significant combat traditions pertaining to elemental life interests of the working masses and to the best humanistic ideals, to peace, democracy, and socialism, grew out of the effects of the two first large international amalgamations of former socialist generations? On the contribution made by the first and second International to the theoretical and practical-political experiences of the international worker movement.

Bertha von Suttner—Fighter Against the Danger of World War

[Summary of article by Prof Dr Helmut Bock, Central Institute for History at the GDR Academy of Sciences; pp 747-752]

Bertha von Suttner's book "Die Waffen nieder!" [Lay Down the Arms!]¹—a significant event in the antiwar struggle, appeared 100 years ago. What were its reverberations among friends and foes? What type of historical heritage did this courageous advocate for peace among people help to bring out which remains intact today and is being continued in the worldwide struggle for peace, in the struggle for a coalition between reason and reality?

'Two-Thirds Society'

[Summary of article by Siegfried Ulrich, graduate social scientist, department head at the GDR Institute for International Policy and Economics; pp 753-757]

The concept of a "two-thirds society," which has most recently been coined in the FRG, reflects deep differentiation and polarization processes in a society which is characterized by the contradiction between capital and labor, by growing social insecurity among the workers. What constitutes the principal content of these processes and what are their underlying causes? Development of a "two-thirds society" confronts the trade unions with new challenges; what conclusions are they drawing from them?

Neo-Nazis in the FRG—Danger for Peace and Security in Europe

[Summary of article by Dr Manfred Behrend, scientific collaborator at the GDR Institute for International Policy and Economics; pp 758-762]

Some 50 years after the beginning of World War II, which was unleashed by German fascism, six "men" who are new Nazis from the FRG, led by an old SS member, are moving into the European Parliament. How is the alarming upsurge of these "republicans" to be explained, in what kind of social and political ambience did it become possible? How does their Nazi character find expression? And what is behind the attempts on the part of the CSU [Christian Social Union] and CDU [Christian Democratic Union] to trivialize this development? What final conclusions should be drawn in view of the neo-Nazi activities in order to deflect any danger to peace?

Historians' View, Construct of National History Defined

23000211b East Berlin EINHEIT in German
Vol 44 No 8, Aug 89 (signed to press
12 Jul 89) pp 763-766

[Article by Prof Dr Walter Schmidt, director of the Central Institute for History of the GDR Academy of Sciences: "On the Tasks in the Area of National History"]

[Text] With a view to the 1990's, the historical sciences in general and the area of national history as well are

confronted by the question dealing with the requirements levied upon the quality of our view of history and upon the development of socialist historical consciousness. This applies primarily to those requirements which are connected with the ideological class struggle and with the internal needs of our social development. Three viewpoints appear to me to be of particular importance:

Greater obligations accrue for the science of history primarily as a result of the further shaping of the socialist nation of the GDR, for which the development of a socialist national consciousness is becoming an ever more decisive process. Since a historical sense of self-concept is an unrenounceable element of national identity, we shall have to strengthen our efforts, which have been ongoing since the end of the 1970's, so as to create and disseminate a still more lively, more interesting, more attractive picture of the whole of German history, including the history of the GDR.

We have had good experiences involving the expansion, deepening, and differentiation of the socialist understanding of history in connection with the discussion surrounding the heritage and tradition of our society, which has only been going on for about a decade. Interest in history has certainly not by coincidence grown particularly for the areas, events, processes, and personalities where we have avoided making woodcutlike representations and where we have approached the complexities of developments more strongly than heretofore and in new ways. This has included the clear working out of internal contradictions pertaining to these very developments and always identifying progress and limitations, performance, as well as failures. Everyone knows that this does not involve only Luther and Muentzer, Friedrich II, and Bismarck, but also involves the Reformation in general, the enlightened absolutism in Prussia and in other German lands in international comparison, a historically more accurate and more positive historical position for German multiple statehood between the 16th and 19th centuries. Similarly, this is a matter of reform, revolution from below, and from above pertaining to civic transformation, a matter of potential for progress, and failure on the part of the bourgeois liberals, a matter of the size and limitations of petit bourgeois German democracy in the 19th century.

I see a shortcoming in our discussion of heritage thus far in that we have concentrated in this discussion largely as a matter of chronology on the bourgeois period between 1500 and 1917 and, from the standpoint of social structure, upon the ruling exploiter classes. The debate concerning the German middle ages has, in the meantime, developed to its full extent. The history of the most recent times since 1917 will now have to occupy our attention more than ever. Here, we have obviously not entered this discussion with intensity early enough.

We have made up for this with a number of contributions and discussions, like those on Vol 7 of German History, that is to say, the period of the Weimar Republic, and, at the most recent congress of historians,

by a contribution on the nonaggression pact of 1939 and its consequences. I consider it important and necessary to advance rapidly in this field in further development, in deepening and strengthening the differentiation pertaining to the Marxist-Leninist historical picture, for two reasons: first, in order to make an offensive incursion through our own conceptual ideas in the international Marxist discussion regarding the heritage of the worker movement and of socialism; second, in order to be able to satisfy the growing intellectual requirements of our socialist society.

This is particularly true if we become aware of the questions asked of history by young persons. This brings me to a second aspect which we will encounter more strongly in the 1990's than is the case toward the end of the current decade. And we are not talking only of the fact that for the *young generation* the entire process of radical change following the end of World War II and the ever growing time periods involved in the creation of a developed socialist society are remote and no longer represent personally experienced history; this history can now only be primarily acquired from books. The historical fundamental experiences of the young generation are also different, qualitatively new. It is the world of socialism with its achievements which are already perceived as being self-evident, such as social security in the comprehensive sense, all the educational possibilities, and also all the contradictions which are inherent in this society which they perceive perhaps even more clearly as their own life contradictions than do we elders, who lived through completely different contradictions and had to solve them.

It is from these standpoints that young people pose new, different, more unabashed, and seemingly naive questions which are not and cannot be imbued with the experiences of previous class struggles in which they are often keenly interested. Their penchant for, and their handling of history is different. I believe we should not only take this seriously, but that we should analyze this trend scientifically, support it with sociological investigations in order to be better able to react to it.

Experiences in historical propaganda work show that young people also do not perceive a "smooth" historical picture, nor any—prioritized—woodcut-type historical lines. Our young citizens want to learn of the difficulties and problems and the difficulties involved in the argumentations, they want to know about objective contradictions which have always existed and which exist now, which were to be mastered then and are to be mastered now, in order to break trail for progress. And, in so doing, the complicated learning processes must not remain isolated. They wish to know how it was with alternatives during history, why and how one precise alternative prevailed and became a historic reality. Test situations which arose during the development of socialism are, understandably, the subject of special interest. Naturally, the enemy attempts to mix in here in order to be able to discredit socialism as a whole. But I believe we will counter the enemy best and bring his

ideological subversion efforts, which are frequently sensationalized, to naught by presenting a more differentiated, more precise, deeper picture which, from the standpoint of the observation of our times and of our class viewpoint, more precisely extols the magnitude of our accomplishments, as well as the entire complicated situation and contradiction inherent in our historic way.

And I am completely sure that we historians have not yet utilized all possibilities arising from a greater historical distance and the potentials inherent in research results in order to draw such a living and interesting historical picture which would permit all great performances of the revolutionary worker class and of socialism to loom more convincingly as a result of it and which brings to bear the necessary and justified pride in our cause by introducing the reader to the great difficulties and problems involved in our progress in virgin historical territory, in solving the contradictions and in the complicated and not error free search and struggle for their mastery, and explain it to him in historical terms. In this regard, I find some contributions which have been made by literary historians covering specialized topics of the most recent history—such as the Brecht biography or the book "Die SED und das kulturelle Erbe" [The SED and Cultural Heritage]—to be productive challenges for our future activity.

We know, for example, that the concept of the eighth party congress did not fall from heaven like a divine inspiration, did not arise in a few days, but rather ripened as a result of discussions and arguments and was, finally, accepted. It seems precisely for this reason to me to be particularly important for the convincing nature and attractiveness of our historical picture that this struggle itself is always specifically depicted and that the achieved results not be merely mentioned briefly in retrospect. We must not shy away from depicting the learning processes inherent in the leadership strength of our socialist society, the ways toward a new conception, the resulting variants, the experiments conducted, as well as the failures. Our party was and is constantly a learning party. For us historians, this involves a challenge to qualify the historical depictions we produce even in this direction.

In order to be able to relate history flexibly and in a lively manner and to be able to correctly judge it, intensive empirical research must also take place. This is true of the most recent history no less than of the older periods. In this regard, archival sources are, naturally, most important. Without their comprehensive development and evaluation, it is very difficult to depict historical reality in a realistic and fascinating manner. We have surely not reached the necessary optimum development in this matter. We shall probably also have to do more in order to present the public with documentation.

This brings me to a third aspect. The historical heritage of socialism in the GDR has already grown into an independent magnitude and it will and must occupy an

ever more important place in the historical consciousness of the citizens of the GDR as our very own heritage. To familiarize people with this great, valuable, inalienable, but certainly not contradiction free heritage, to make people aware of it and to interiorize it—this results in increased requirements. In the fall of this year, on the occasion of the 40th anniversary of the GDR, we will present the first of the four volumes which treat this portion of our national history within the framework of the 12-volume German History—Vol 9; the content of this volume deals with the establishment of the GDR from 1945 through 1949. Its authors have exerted great efforts to draw a picture which, on the basis of the given status of research, reflects the requirements of our times, captures a differentiated graphic picture which reflects the great performances of the party, the working class, and its allies, its heavy struggles, the problems which had to be faced, as well as the learning processes of the times. This work does not sneak around the difficult resettlement and prisoner-of-war problem, it does not skirt the difficulties which arose as a result of the necessary restitution proceedings, the dismantling as well as reparations problems, nor the difficult everyday existence in those years which were also mastered, and had to be mastered by the women, it does not evade strategy discussions nor the arguments within the democratic bloc, as a result of which everyone learned something. But, within the framework of this undertaking, the three subsequent volumes are yet to be written, the volumes which must be completed by 1994/1995.

And if we speak of tasks in this area today, then we must, I believe, already cast an eye toward the 50th anniversary of the GDR in 1999. What shall we place on the table on the occasion of that anniversary? It is necessary to agree on this now because 10 years pass very quickly, years during which research and the results of research are to be gathered into a historical picture. Our institute is planning a social history of the GDR, a depiction of the development of classes and strata of the population from the beginnings through the 1990's. Among other matters, thought should be given to a joint project by specialists from all historical institutes involving a scientific handbook of GDR history which could provide new profile-like overviews on all essential topics—state, parties, economy, culture, etc.—an analysis of research problems and an overview of literature.

In order to be able to work out such a new generation of standard works pertaining not only to German history, but to several milestones in our overall national history, we require a new innovation impulse which can be provided primarily by massive empirical research, by research pertaining to our fundamental situation, together with intensive discussion. This is equally true for the 1990's when we must discuss matters in a more lively and more aggressive manner; we must discuss not only alternative reforms and revolution in bourgeois radical change, but the extent of the concept of the revolution from above, the historical comparison of

bourgeois revolutions, or European absolutism comparison, but also historical problems of the most recent times and of our most recent history.

Finally, I would like to draw attention to two special problems which pertain primarily to research strategy involved in natural history. After we committed large forces to great total depictions in the 1980's—and for the historical period as of 1933 this is even more desirable for the first half of the 1990's because of the need to produce the 12-volume German History—it seems to me to be most important for the next decade to extraordinarily promote and force the already-mentioned fundamental research. The problem is that the new impetus of innovations, the necessary massive empirical research, must be connected with the general process of the generation change.

Certainly, some problems will arise in this connection. We will primarily have to see to it that the level of our research and its connection with international research is maintained in the area of German history, in which GDR historical science has gained an internationally recognized position—I cite, by way of an example, only the early bourgeois revolutionary research, the "city bourgeoisie" and the "state in feudalism, absolutism, and revolution," dated 1848, works on Fascism and anti-Fascism research. Toward this end, it is necessary for young and perhaps very young cadres to be brought along rapidly, to attain their doctorates, to qualify to become lecturers at universities, and also to be brought into the problem of sociopolitical responsibility so they can prove themselves scientifically and politically in leadership functions.

For our institute—insofar as continued work on the national history is concerned—the conclusion of the 12-volume German History will remain as the focal point of activity during the first half of the 1990's. Over and above, that, however, we consider it necessary and also possible to work in three areas involving major closed projects pertaining to centralized events or periods in German history to promote the comprehensive scientific development of the Marxist-Leninist picture of the national history. A three-volume history of the German revolution of 1848 has already been started. The individual volumes are to appear between 1993 and 1998—the 150th anniversary of that revolution. Following the trilogy covering World War I, which already appeared in the 1960's, we would like to collect the most recent research results in a handbook on the same topic. And, finally, we want to work on a social history of the Weimar Republic in the 1990's.

HUNGARY

Thurmer on Relations With Soviets, Romanians

25000378a Budapest NEPSZAVA in Hungarian
20 Jul 89 p 3

[Interview with Gyula Thurmer, adviser to the executive secretary of the Hungarian Socialist Workers Party (MSZMP), by MTI reporter Miklos Karpati: "The Era of Interfering in Each Others' Internal Affairs Is Past"; date and place not given]

[Text] Public opinion is still vividly preoccupied with

the latest conference of the Warsaw Pact Political Consultative Body [PTT] that was held in Bucharest. Gyula Thurmer, foreign policy adviser to the MSZMP executive secretary, expressed his views concerning the details of the conference, the upper level Hungarian-Soviet meeting, and the Hungarian-Romanian situation and its future.

[MTI] You have expressed your views regarding the experiences gained at the Bucharest conference of the PTT and from bilateral talks in the Romanian capital in this week's issue of the weekly newspaper *MAGYARORSZAG*. Please provide more details concerning the impressions you have obtained in the course of the Hungarian-Soviet discussions.

[Thurmer] Two upper level Hungarian-Soviet meetings were held in Bucharest. This alone indicates our endeavors to strengthen cooperation between the two countries. Discussions between Rezso Nyers and Mikhael Gorbachev, and the discussions at the prime ministers' level demonstrated that the Soviet leadership welcomes MSZMP efforts aiming for the preservation of party unity, and the fact that the party is removing itself from extremes, meaning both a conservative reversal and endeavors to restore the bourgeois system. They are welcoming solutions which enable the socialist renewal of Hungarian society. I would like to stress that both at the PTT session and in the framework of Hungarian-Soviet negotiations it became clear that the age of interfering in each other's internal affairs is past. The Soviet Union will not interfere with the internal affairs of Hungary. At the same time they also stated that Hungary's socialist development is in accord with the interests of the Soviet Union.

The meetings also indicated that the Hungarian leadership deems as important the preservation and development of political ties with the Communist Party of the Soviet Union [CPSU] and the expansion of multiple cooperation with the Soviet Union. It was stated in the course of several discussions that the leadership of our party removes itself from recent anti-Soviet manifestations. To a much greater extent, our present interests call for the preservation of confidence and a political atmosphere based on mutual understanding in the framework of relationships between the two countries. Without that we could hardly make progress regarding fundamental issues such as the further improvement of the situation of Hungarians in the Lower Carpathian region, or, to use a different example, placing our economic relations on new foundations, including the expansion of direct contacts between enterprises and a transition to settlements based on convertible currency.

It is in this spirit that we prepare for Rezso Nyers' and Karoly Grosz' visit to Moscow, to take place foreseeably in late July or early August. Verification of the exact date and of the program is in progress. What we know for certain by now is the fact that a substantive exchange of ideas may be expected with regard to the timely issues of

socialism, and about Hungarian-Soviet cooperation. It is expected that the program will include several novel elements.

[MTI] What were the basic intentions with regard to the Hungarian-Romanian meeting in Bucharest?

[Thurmer] The unofficial meeting attended by Rezso Nyers and Nicolae Ceausescu was a Romanian initiative. I would like to underscore the fact that the meeting does not represent a departure from Hungarian policies represented at last year's meeting in Arad, because in both instances the intention was of a primarily decisive character, the normalization of Hungarian-Romanian relations. The Hungarian party made a suggestion pursuant to European standards of contact, in a cultural way, nevertheless firmly, that it is unable to regard present Hungarian-Romanian relations as favorable. As an example, Rezso Nyers mentioned that although economic relations are developing well, our political relations have not improved. The Hungarian party did not receive a response to its suggestions. Our relationship is burdened by the implementation of restrictive policies against Hungarians in Romania, and the rearrangement of settlements—a subject dealt with on an international scale—continues. Quite naturally we regard this as a Romanian internal affair, but we cannot disregard the fact that in areas where nationalities reside, nationality problems will also arise, thus deteriorating the relationship between our countries.

[MTI] What is your view of the "Romanian military threat" frequently discussed in many circles today?

[Thurmer] I would remind you of what was said in Bucharest. The chairman of the MSZMP brought up the issue of the recent propaganda campaign waged in Romania against the Hungarian democratization process. Rezso Nyers added that in the framework of this campaign "unfortunately, here and there we read references to certain military means." I would like to stress that in this relationship this, and only this, was said in Bucharest. In my view the above quoted expression and evaluation correspond with the facts, and are in accord with our policy principle. Today, aware of military and military policy facts, we can firmly state that nothing more than the relationship between Hungary and Romania is at issue. Quite naturally, if new facts emerge, we will have to weigh those, but even then we cannot have confrontation as our goal. Also these days we are making an issue out of the disturbing voices of the political campaign, but our action must be constructed on facts and not on assumptions. One should not play with fire! We may justly expect this from our partners, but in determining our own policies we must use this as the starting point.

[MTI] What do you see in the future of Hungarian-Romanian relations?

[Thurmer] In Bucharest we also expressed our view, according to which settlement of the Hungarian-Romanian relationship is desirable as well as possible.

We believe that building from the bottom up, resolving the really tense problems gradually, we can make progress in settling our relations. In this spirit we are prepared to negotiate at all levels. I believe that we act wisely if we do not keep silent about the problems, but at the same time if we do not sharpen the tensions either, and seek opportunities for cooperation. Confrontation does not represent an alternative. We are glad that there was no Hungarian-Romanian confrontation at the PTT session or at the multiple meetings of party leaders. At this point, following the Arad and Bucharest summit meetings, a lot depends on whether we are able to couple our principled determination with patience, understanding, and preparedness to cooperate, as much as we would expect from our partners.

[MTI] Whenever you make a statement as a foreign policy adviser, do you convey your own opinions or do you check in advance with the party leadership with regard to the positions you take?

[Thurmer] In this instance I have summarized my own impressions, but quite naturally I verified that fact of the interview and the fundamental issues we touched upon with the MSZMP chairman and the executive secretary. I represent my own opinions, which I formulate on the basis of awareness of party policies and frequent consultations with party leaders.

Interior Ministry Reorganized

25000378b Budapest NEPSZABADSAG in Hungarian
21 Jul 89 p 6

[Article by Jeno Foldesi, Ministry of the Interior state secretary: "A Changing Ministry: The Interior Ministry in the Open"]

[Text] A governmental decision made in early July substantially expanded the functional scope of the Ministry of the Interior, and obligated the ministry to develop its new organizational framework. Review and coordination of the old and new functions has begun, and organizational conditions to enable the Ministry of the Interior to be responsive to needs presented by social reform processes have been established.

In preparing the new organizational structure we endeavored to decentralize administration in a rational manner, and to discontinue unwarranted parallels. We developed an internal control system, which, according to our intentions, will more efficiently ensure the full enforcement of citizens' rights, and the strict observation of laws. In accomplishing this change we had to keep in mind the appropriate societal need which demands that the ministry's proper functions not be endangered. All this is of particular importance at present, because societal change demands legal order and the protection of the state's dignity.

The Future of the State Security Service

A conceptual change was made at the state security service. Henceforth, its activities will be directed toward the protection of the constitutional order and the discovery of

actions which violate the nation's security. The organization must acquire responsibility based on separate laws, and through that a legitimate image. This is because the constitution, laws, citizens, and institutions of a novel, democratic, socialist system must be protected. In order to accomplish this, societal control over funds and legal wording are needed. The role and specific functional scope of the special services—counterintelligence, intelligence, state security organization—must be specified by laws publicly adopted by the National Assembly. At the same time, legislation framed in public also establishes the legitimacy of these organizations.

Legislative drafting has begun, but there are issues regarding which it would be inappropriate to wait until laws are enacted. These include, for instance, the legal setting in which the utilization, licensing, and control of means used in the struggle against crime takes place; the prosecutors' or judges' decisionmaking authority regarding governmental actions which restrict the constitutional rights of citizens; the availability of judicial recourse against police determinations, and so on. The new law will most certainly express an intent by which preventative activities by the state security service for investigative purposes may extend only to the point of establishing substantial cause to believe that a crime has been committed. This requirement can already be established at this point. In the interest of accomplishing this we combined the investigative organs of the Ministry of the Interior, notably the heretofore separately functioning investigative organizations of the police and the state security service. This will also help accomplish the separation of the inquest from the evidentiary interest which necessarily accompanies investigative work.

Part of the conceptual change related to state security work is the idea that these organs function under the control of the National Assembly, or of a committee of the National Assembly established for that purpose. At the same time this guarantee is also extended to ensure that these activities serve only national interests and goals; the previous "enemy image" will be exchanged for an image protective of the constitution. Laws must specify guarantees which enforce the requirement that state security work cannot become a means in the struggle against views, and that it cannot serve daily political needs. Nowhere in the world is the existence of state security services held secret; nevertheless state security services do not conduct their activities in the open.

Experience gained in Hungary demonstrates that society will accept and value the workings of state security services only if those take place in enhancing national interests, on the basis and in defense of the constitution, and under appropriate societal control. Open societal control is embodied by the National Assembly.

More Successful Crime Fighting

Unfortunately, crime is on the increase. This prompted us to make changes in the organization of the National

Police Headquarters. Within the new organization the emphasis will be on personal responsibility, and various transpositions will be discontinued. In this way, we hope, the police will be better equipped to face the challenges presented by criminal activity. Heretofore county police chiefs were directed by many offices; henceforth only the chief of the national police may give orders and directions to county police chiefs. As a result of this action, parallel direction of the services charged with the protection of public order and public security and with the oversight of traffic, criminal, and regulatory functions will be discontinued. Quick and authentic information is an important part of crime fighting. For this reason we reinstated the officer function in the Ministry of the Interior, and so that work is better coordinated, the duty information network will also be under the jurisdiction of the national chief of police in the future. We established an organization with a small staff to coordinate police crime prevention activities. We expect great results from this organization. We also were not inactive in various specialized areas of prosecuting crimes, and in the protection of youth; we have taken steps to modernize these activities.

We have begun to reexamine police procedural rules. The purpose of this reexamination is to coordinate the duties and rights of police officers with requirements related to the separation of the party and the state organization. We intend to make the new rules of procedure available to all of society. We will make changes in the order by which members of the professional staff address each other. The manner in which every citizen can find out the name of every police officer is the subject of debate. Long ago police officers on street patrol had numbers. A possible solution would be to introduce name tags, from which the names of police officers could be read. Such name tags are used in many trades, including journalism, the hotel trade, and the banking world. In these days, interest protection is also of concern to police officers. We do not want to "ex officio" organize a police trade union of course, but if one comes into being according to rules and regulations, we will establish legal conditions for the functioning of such a trade union.

Registration of one's home address, and activities related to such registration, as well as to name changes, henceforth will be supervised by the deputy minister in charge of administration, rather than by the chief of police. This is taking place because the work involved is administrative, rather than police related.

Internal Affairs Functions

Organizational forms for the Ministry of the Interior's specialized fields concerned with councils, municipal administration, area development, and community affairs were also finalized. Over and above his political activities, a state secretary of the ministry will supervise the activities of the newly established office of elections, the office of refugee affairs, the public service main

division, the national fire service command, and the State Administrative Academy.

The office of elections is an apparatus with a small staff. It is involved in drafting legal provisions related to elections, and in the administration of elections and popular referendums. One of the fundamental issues dealt with by the ongoing political negotiations is that the election process and the determination of election results must take place without even the smallest mistake. This is also very important from the credibility standpoint of the future government. For this reason, from a political standpoint, the creation of an election law is extremely desirable. It will also define our functions relative to elections.

It seems that the refugee issue will remain with the government and with the country for the long term. With all our strength we endeavor to have specific cases be resolved consistent with international standards. The office of Refugee Affairs established not too long ago will play an important role in this regard. Once and for all we intend to prevent situations in which we are transit stations on the road leading to Western Europe from socialist countries.

In the Open

The Ministry of the Interior received its assignment to administer area and settlement development, residential and community affairs, and the management of premises, as well as the responsibility to coordinate the planning and management tasks of councils at the governmental level. Our ministry regards councils as genuine autonomous governments. The ministry's fundamental principle in this regard is not to make decisions for councils, but to help councils establish conditions on the basis of which they can fulfill the full range of tasks that are part of autonomous government and the responsible office of the manager of an area. Since area and settlement development policies are not the responsibilities assigned solely to the Ministry of the Interior, in addition to interagency coordination our ministry also provides professional direction. In these days the further modernization of public management and the establishment of "deregulation" in public administration—meaning the filtering out of superfluous rules established by authorities—constitute an outstanding program in the Ministry of the Interior. In addition, we must prepare a new code for rules violations for use by council and police authorities.

We intend to conduct the workings of the Ministry of the Interior and of related organizations by providing a heretofore unprecedented degree of publicity for our activities. The need to provide information regularly is a national phenomenon; all organizations within the Ministry of the Interior must help in providing objective, and not one-sided information. The Ministry of the Interior will also have a spokesman. Journalists will be able to pose any kind of question at any time to the spokesman.

The spokesman's response will be guided by the idea that he should never suppress information that is relevant to society, to the populace.

The outlook will also change together with the organizational changes. Not a single area in the Ministry of the Interior may become the terrain for political debate, just as it is not the ministry's, the police's, or the state security service's job to decide political debates. Even more so, their task is to obey and to enforce the law, and to protect constitutional and public order.

Fear of 'Old Ways' Still Strong; Suicide Reported

25000401 Budapest *MAGYAR NEMZET* in Hungarian
25 Jul 89 p 4

[Article by Julianna B. Szekely: "The Silent Ones"]

[Text] I wonder what the silent majority ponders these days?

This question preoccupies many. They would give an arm and a leg for some insight into people's skulls, for an evening kitchen chat, for a drink at the pub. Unfortunately, these days the curious no longer have time to gulp down as much as a pint. Day in, day out they work to benefit the majority, establish parties, and organize meetings. Their future-oriented programs evoke sympathy, but no one knows whether the majority agree that what they say is right.

Soon, this great silence will be disturbing. After all, it's been more than a year that we've been permitted to talk boldly about virtually anything. Radio, television, and newspapers say things we could not have dreamed of before; openness and unveiling have reached heretofore unknown proportions. No longer are there taboos and hands-off privileges. One of the best examples is the police.

Citizens must have been gratified to learn that maintaining order is no longer expected just of citizens, it is also demanded from the guardians of order. During the past 6 months, police scandals have been unveiled in droves. As it turns out: The police are not permitted to do anything and everything; the people are also protected; we are progressing in great strides to becoming a nation of laws.

The situation almost began to look as if people could do anything that was not prohibited. I suppose they could celebrate their saint's day with loud music, like Laszlo Kocsis did. A truck driver of my age, many articles dealt with his case. People could celebrate even if their saint's day happened to fall on 22 October, and even if the festive mood lasted through the 23rd, the anniversary date which evokes nervous tension in many. We have known for long what those nervous cops did to Kocsis. The details are horrible: the confession of a man beaten near to his death in plain view of his child. Terrible, we grumbled, nevertheless deep in our souls there flickered the freshly lit flame of hope. We can see the light at the end of the tunnel, because, after all, we learned about

this event. If brutal cops are hauled into court, perhaps law and justice will regain its sense.

Then once again uncertainty returned. The four cops were not dismissed, they were only put in jail. But then again we sighed with relief: The court found no proof of the cops' complaint alleging that Kocsis also landed a blow.

The public was not told of the final act. Regarding the prosecutor's appeal and the final judgment: In the charges against Kocsis, the investigation must be reopened anew. Only the tragedy became publicly known: the night the truck driver and his wife discussed the impending proceedings, Kocsis suddenly rose: "Well, good bye," he said, then ran to the terrace and leaped from the second floor.

He was a quiet, soft-spoken man, his lawyer says. He was a member of the silent majority: to that date no one knew his view of the world. He raised two children, drove a truck, received guests from time to time, and because he was of my age, he may have even played some old rock tapes. And obviously, he watched TV, listened to the radio, and, time permitting, he took a glance at the papers, of course. He realized the changes he saw, that henceforth everything would be different, and that slowly he could forget all he had learned during his first 40 years of life. To say no more: The official view of 23 October was changed before his eyes. He lived long enough to learn that on that day there was indeed a popular uprising. Moreover, that there was talk of declaring that day a national holiday. He lived to see a rehabilitation boon, small and great acts of justice, and the downfall of former greats. He was able to learn that arbitrary police action had come to an end. His heart must have been filled with hope, we would think, even after the outrage that happened to him. After all, justice will triumph, so he heard from learned men day after day.

But as it turned out, Laszlo Kocsis was not confident at all. It seems that all the words just passed by the truck driver's ears—that truck driver Kocsis, a member of the silent majority. He was downright bitter—his truth could not prevail against the word of the police, as he used to say. So there he stood in 1989, in the midst of the great turnaround, convinced that things would continue on the course of the past 40 years.

We would not say that most members of the silent majority feel this way. Perhaps most do not even think matters through—there's so much new, so many turns of events that are hard to keep track of, and so many conflicting words, words, and words. Perhaps most members of the silent majority have only feelings, impressions, and daily experience. Concerning the same faces, the same cops, and the same judges, with new banners in hand. And no change at all in the whirlpool of change.

The majority is silent for now. But if it goes on like this, it will rise one day unexpectedly. It will run to the balcony, to the streets, and to the squares. And then, silent it will be no more.

Others will quietly pick up their hats. "Well, good-bye," they'll say, then they will leave.

CZECHOSLOVAKIA

Rules for Enterprise Associations Published

24000156c Prague HOSPODARSKE NOVINY in Czech
No 27, 1989 p 4

[Item: "Regulations on Enterprise Associations"]

[Text] In a recent issue of HOSPODARSKE NOVINY we published information about the intention of the federal government to test the association of state enterprises. Today we present the full text of the "Regulations on the Establishment and Operations of Enterprise Associations" approved by the CSSR government by its decision 185/1989.

Article 1

1. According to the agreement on enterprise associations, state enterprises jointly or with other socialist organizations (hereafter "participants") may voluntarily obligate themselves to pool their assets and operations in order to achieve a certain objective or in some other mutual interest, and to establish an enterprise association, or as the case may be, to join the agreement as additional participants.

2. The enterprise association is a legal person; it acts in legal matters in its own name and bears the responsibility ensuing from such relations.

3. The enterprise association exists apart from the participants. The participants do not become part of the enterprise association, and their legal subjectivity and independence remain unaffected.

4. Pursuant to article 14 of the economic code, the enterprise association is a different socialist organization.

Article 2

1. The enterprise association comes into existence on the day of its entry in the enterprise register. The proposal for registration is submitted by the participant so designated in the agreement. The proposal for registration consists of the following:

a) an agreement on enterprise association;

b) the approval of the subject of operations by the appropriate agency of the state administration, so long as such approval is required by special regulations.

2. The participants are obligated to negotiate in advance the establishment of the enterprise association with the national committee appropriate for the location of the enterprise association.

3. If at least one of the participants is a state enterprise whose founder is a central federal agency of the state

administration, the participants are obligated to negotiate in advance the establishment of the enterprise association with the appropriate planning agency of the republic.

Article 3

1. The agreement on the enterprise association must contain:

a) the titles and addresses of the participants;

b) the title explicitly stating that this is an enterprise association and the address of the enterprise association;

c) the purpose of its operations;

d) the type and amount of shares of the participants' joint assets;

e) the management and the method of its decisionmaking;

f) the rights and obligations of the participants;

g) the decision concerning the payments of costs connected with the operations of the enterprise association, the method of division of profits or other economic benefits, as well as allocation of the payments for losses sustained by the enterprise association among the participants;

h) conditions for the acceptance of the agreement, or for the withdrawal from the agreement;

i) the method of termination of the enterprise association and the allocation of its assets and liabilities upon the termination of the enterprise association or upon the withdrawal of some of the participants from the agreement.

2. The agreement on the association is valid when its entire contents are approved. The agreement must appear in writing to become valid.

Article 4

The regulations of articles 36 through 39 and of articles 41 through 68 of the law on state enterprise apply appropriately to economic and social operations of the enterprise association, if not amended by special regulations.

Article 5

1. Only as its own economic and social operations are concerned, the enterprise association is:

a) direct recipient of the outputs of the state plan, with the exception of specific tasks;

b) direct subject of the relations to the state budget (the state budget of the federation or the state budget of the appropriate republic), state funds and budgets of national committees.

2. The enterprise association cannot transfer the outputs of the state plan or its obligations to the appropriate budget or state fund to other subject.

Article 6

1. The enterprise association does not have the status of an agency of the economic administration, and does not act in any managing functions vis-a-vis the participants.

2. The enterprise association acts toward the participants only in the manner and in accordance with the conditions stipulated in the agreement and following from these regulations.

Article 7

The enterprise association may also engage in other activities than those stipulated in the purpose of operations, so long as it does not violate its obligations to the participants and so long as it is permitted by the agreement on enterprise association.

Article 8

Agencies of an associated enterprise consist of the following:

- a) an executive council;
- b) a director;
- c) a control and audit commission.

Article 9

1. The executive council is composed of representatives of the participants. Each of the participants nominates one representative to the council.

2. The executive council approves:

- a) plans for the economic and social development of the associated enterprise which must fulfill the obligations of the associated enterprise towards the participants;
- b) closing of annual accounts, including allocations of disposable profits and distribution of assets of the associated enterprise among the participants;
- c) regulations of enterprise subdivision management and internal organization of the associated enterprise;
- d) establishment of funds other than stipulated.

3. The executive council elects and recalls by secret ballot the director and members of the control and audit commission. The director and of the control and audit commission serve in their office no more than five years.

4. The chairman of the executive council, who is elected by the executive council from among its members, presides at its meetings.

5. Decisions of the executive council (resolutions, elections and appeals) are adopted if approved by the absolute majority of its members. Members of the executive council vote either according to the principle of equal vote or according to the respective shares of the originally merged assets.

Article 10

1. The associated enterprise is headed by its director, who manages its operations and is responsible to the executive council for the results of these operations.

2. The director, as a statutory officer of the associated enterprise, acts in its name in all matters.

Article 11

1. The control and audit commission supervises all operations of the associated enterprise.

2. The control and audit commission gives accounts for its activities to the executive council and submits to it reports about its activities.

3. The control and audit commission must audit annually the economic and social operations and review the annual accounting closing of the associated enterprise.

4. The operations of the control and audit commission are managed by its chairman who is elected by the commission from its members for a term no longer than five years.

Article 12

1. An associated enterprise manages the assets which it obtained at its foundation and during its operations.

2. The needs and costs of the associated enterprise are covered from joint assets, or as the case may be, from the contributions of the participants,¹ as well as from the income gained from the operations of the associated enterprise.

Article 13

An associated enterprise establishes funds in the same way as a state enterprise.

Article 14

Associated enterprises may mediate transfers of financial funds among the participants in the form of returns, if the participants so agree.

Article 15

Generally obligatory legal regulations apply to the associated enterprise, so long as not otherwise stipulated by these regulations.

Article 16

These regulations become valid on 1 July 1989.

Footnote

1. Participants offer joint assets, or contributions from the same resources from which they themselves finance appropriate operations.

GERMAN DEMOCRATIC REPUBLIC

Performance Rewards, Social Justice Equated

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[Article by Prof Dr Harry Nick, research department head at the Institute for the Political Economy of Socialism in the SED CC [Socialist Unity Party of Germany Central Committee] Academy of Social Sciences: "Performance, Progress, and Justice"]

[Text] How come, on the one hand, there are obviously hardly any differences of opinion with regard to the necessity for the performance principle and yet, on the other hand, discussions regarding the principle always seem to find extraordinary response and are conducted with much commitment? Is it the fault of the difficulties encountered in the practical handling of the performance principle? Do we always actually agree with regard to the social content of this principle, as things would appear, or is it not the other way around, namely, does false moralizing here trip us up and is it understood by some to be a mere external necessity to which one would like to add the word "unfortunately" at best? And must we not more thoroughly contemplate how we can still more effectively promote this principle? Certainly, all of these matters play a role. And primarily the fact that this principle concerns the interests of people very directly and very intensively, concerns their standard of living; and the fact is that—since it in no way concerns only distribution according to performance, but is equally true of the requirement that "from each according to his capabilities"—it also always encompasses a claim on individual conduct, on individual effort. In the performance principle, material interests and moral imperatives and evaluations are inseparably intertwined; not only in the sense that "ideological" stimuli exist alongside material stimuli, but because material recognition always also encompasses a certain social moral evaluation which is understandably perceived by different people in different ways and appreciated in a different manner. These connections are discernible in even those opinions which turn against the performance principle with moralizing arguments. Clearly, there is agreement with respect to the following: the performance principle and the way in which it is handled impact on the most important aspects of differentiated recognition, valuation of the individual by society under socialism. There is also extensive agreement indicating that the performance principle and the way it is handled is of maximum importance to the effectiveness of social motive forces within socialist society and, thus, for its dynamics, its historical perspective. It is in this area of social

motive forces where, in the final analysis, the decision will be made as to which society is really superior to the other.

What Does Consistent Performance Evaluation Mean?

The type of practical difficulties involved in applying the performance principle are clarified, among others, by conduct which—even though it does not represent a "standard" in this manner—draws attention to typical moments involved in practical handling: at a scientific-technical installation, one researcher who had been promised a performance-oriented salary supplement turned to his supervisor with the proposal that he should like to receive only half as large a supplement and would like to see the other half go to his immediate colleague who had not received a salary supplement; this colleague, who was a personal friend, had an equally large family and was said to be working just as hard; and the sudden distancing conduct which he is clearly showing as a result of the salary differentiation could not in any way be construed as promoting the work. The reader might contemplate here how he personally would act in such a case as a supervisor. In any event, the subject supervisor agreed to the proposal: "If they both so desire, then they shall have it; I cannot utilize useless anger."

I consider this decision to be clearly wrong. First, income must be earned and must not be achieved through debate. Naturally, the supervisor must justify his decision and listen to the opinions of the colleagues as to how they evaluate their own performance and the performances of others and the supervisor must, naturally, also take into account justified objections; but, in the final analysis, he must be the one to make the decision himself regarding questions having to do with performance evaluation. Secondly, it is clearly an erroneous assumption that such an apparent concession, as was shown by this supervisor, can be used to evade performance evaluation discussions. It is already clear at quite some distance that both of the colleagues in question will not be thankful to him for this concession; it will fortify the view that one must not necessarily put forth any effort in order to earn higher income in both their cases. And even worse: such decisions have an extremely negative effect upon all those who learn of them. A poor climate is created which feeds discontent. Those who are willing to perform well are not only "the dumb ones" when it comes to their salary relationships, they are also considered to be such by many another person who is far behind them in performance. And the discussions have no end. Experience shows that where high incomes are attainable with a light hand, as well as in locations where, despite great effort, no "benefits" are derived, a virtually suffocating atmosphere tends to spread and the internal collective moral conduct standards—judging from experience, these play a large role even in small collectives and are also relatively stable, that is to say, from today to tomorrow and are not alterable by agitation alone—are substantially removed from socialist value orientations. And conversely: wherever demanding goals are set and performance is evaluated without compromise, where

funds are precisely calculated, ideological motivations have a far better breeding ground; primarily because fundamental connections inherent in socialist society—particularly the connections between economic and social progress—converge in personal social experiences, because they become attainable.

The belief that argumentation regarding performance evaluation can truly be avoided is an erroneous one anyway. The question is only where and in what way and with what results it can be conducted. Clever supervisors know that great consistency in performance evaluation will save forces and time in the long run, they know that discussions on this subject are something very valuable and that this type of consistency supports the authority of the supervisor.

Now, many an inconsistency in handling the performance principle is being explained away or excused by the claim that objective yardsticks are hard to come by for evaluating results, primarily in the more creative activities, and that this is the reason why the subjective moment, and, thus, also possible erroneous evaluations, are given broader room. Particularly in the past, this was used to justify many efforts to devise complicated point systems which could be used to recompute complicated work assignments to units of simple work. Basically, nothing is left of any of these projects and for understandable reasons: They are not only connected with high expenditures, but lead to a downright boundless amount of subjectivism. They represented vain attempts, supported by "objectivized" tables, to avoid having to make the unavoidable subjective decisions. In practice, among others, it has been clearly proven: It is not the lack of objective criteria—which must, naturally, be meaningfully sought after—but the avoidance of the necessary consistency in performance evaluation that amounts to the actual subjective problem. It cannot be escaped.

Of course, this in no way means that we are dependent upon the subjective moment, upon insight, goodwill, and the appropriate character of the individual in this point alone. As experience has shown, the necessary consistency in performance evaluation can and must be influenced by the appropriate creation of prerequisites and conditions under which the performance is to be achieved. Of very great significance in this case are, primarily, high and demanding performance goals. If, in a research collective, almost all individuals involved know that a given task can be solved and have some indication as to how it can be mastered as early as the time the research task is being formulated, it can happen that the most creative researchers are among the least sympathetic with respect to the supervisor of the collective; in any event, it is they who, with their original ideas, disrupt the fulfillment of such research plans the most. If, however, tasks are being set regarding which no one knows whether they can be mastered at all or the manner in which they are to be mastered, then it can happen that it is precisely these researchers who will become the supervisor's privileged fellow combatants because it is they primarily who will be bringing out the

fundamental ideas which facilitate the solution of the given task if it is even solvable. This means that a high demand level with respect to the work has an influence upon the evaluation yardsticks which exist in a given collective, an influence which can be so great that a change in this level of demand can also effect a detrimental change in the positions which the individual collective members occupy on the predominantly recognized performance scale.

Such consistent performance evaluation naturally also includes the conditions and prerequisites, including those of the organizational or material-technical type which facilitate a frictionless flow from the finding of an idea through its technical realization in functional products and processes all the way to their introduction in production and their rapid expansion within the economic organism. There is hardly anything more stimulating for a researcher, hardly anything that satisfies him more than the practical realization of his idea, its social utility. And for every worker, regardless of his place of employment, the unrenounceable conditions under which a high performance readiness can first develop and lastingly reproduce itself, include a permanent supply of tasks to be mastered, an organization of work which virtually cries out for performance. The effects of poor organization, disruptions in the work rhythm, can be limited in the short run by special efforts; however, within the spectrum of all conditions, they are among the greatest danger moments which tend to hamper high and sustained performance motivation.

What Is Social Equality and What Brings It About?

Among the objective contradictions which are specific to a socialist society and which one must come to an agreement about, but which cannot be eradicated and for which forms of movement which are appropriate to existing social requirements and conditions must be found, include the contradiction between socioeconomic equality of all members of society and social differentiation according to varying work performances as the most essential economic element of social motive forces in the socialist social order.

In view of the virtually disastrous effect which egalitarianism in work and distribution can bring about by transforming the productive clear and healthy sources from which the new social energies of our society flow into moldering swamps which give rise to an untold quantity of pathogens which can affect the entire social organism, which rob it of energy and dynamicism, it is understandable that there is an inclination toward giving less thought to the content and value of social equality, to even equate it with egalitarianism or to dismiss it as a utopian or misleading idea. And yet social equality is the actual original and fundamental factor behind the special quality of social relationships, social energies which are brought out by socialist society, and which demonstrate the socioeconomic and socioethical superiority of these relationships vis-a-vis the capitalist society. The understanding of what constitutes social equality is the

unrenounceable point of departure for the understanding of the true content, the real significance, and also the limitations of the performance principle; it is an essential prerequisite also for finding the best solutions for the practical elaboration of the performance principle.

The striving for equality can, in the presence of consistent implementation of the performance principle, be an impediment here and there; however, we should not overlook the fact that here a deep human longing, which is nourished throughout history and which is primarily borne and defended by the working people, the oppressed classes, could shimmer through: the longing for equality, for justice. Justice is equality.

"Men are born free and equal with respect to their rights and remain so," states Article 1 of the Declaration on Human and Citizenship Rights adopted by the French National Assembly on 26 August 1789. The great progress which the popular revolution gained in its struggle was the achieved equality of all people before the law, regardless of their origin, sex, nationality, and world view. The difficulty still being experienced today by bourgeois capitalist societies with the implementation of these political and civil rights, will not be examined here.

The fly in the ointment of bourgeois capitalist ideas of human rights consists in the fact that they also include the right to the ownership of property—as is stated in Article 2 of the Declaration on Human and Citizenship Rights of August 1789. This is the very essence of bourgeois ideology to this day with respect to equality—namely, that all have the same right to sleep under bridges or become capitalists. The simple fact that social equality and justice is never attainable under capitalism because, for example, not all citizens can become capitalists. As Thomas Morus (1478-1535) already recognized, "wherever private property still exists, where everyone uses money as a yardstick for everything...there can hardly ever exist the possibility of a just and happy policy" is naturally... impervious to bourgeois as well as social reform... understanding. Private ownership of the means of production is social inequality and must necessarily bring about social injustice, that is to say, inequality and injustice with respect to the true material living conditions of people and, thus, also the manifold limitation of real opportunities to perceive political and civil rights. "Our entire freedom and equality are a fraud," muses Robespierre about democracy in Feuchtwanger's novel "Narrenweisheit" [The Wisdom of Fools]—"if not all our laws and institutions are aimed at ending the unjust distribution of goods."²

Naturally, it is neither necessary nor appropriate to deny or denigrate the historical significance which the bourgeois revolution, the bourgeois-capitalist social order hold for social progress, for the winning of freedom in human history in order to clarify that which socialism has brought about in terms of human progress, in terms of the realization of human rights: For the first time in history, socialism has created socioeconomic equality for

all members of society. It does not simply add social rights—the right to work, education, recreation, old-age care, and others—to political and civil rights, but rather uses these means to bring out the real socioeconomic bases for the realization of political and civil rights. The very fact that the latter is being so vigorously denied by bourgeois ideologists and politicians has one of its most important causes certainly in the fact that the inability of bourgeois-capitalist societies to bring about equality and justice for all members of society is all too obvious. This explains their constant and tenacious efforts to differentiate between the political and civil human rights on the one hand and social and economic rights on the other, their efforts to recognize only the former as binding actionable rights, but consider the latter more as target ideas and orientational targets.

However, the agenda of history lists *progress* from facilitating elemental political and civil rights to facilitating *all* real social rights which are unrenounceable with respect to a human existence with human dignity. The great historical contribution which socialism is making to human progress today consists precisely in being able to practically demonstrate this possibility of showing mankind a new step on the way toward winning additional freedom.

Social Equality—Social Justice

Social justice can only accrue from the socioeconomic equality of all members of society and then only as a result of social ownership of the means of production. Social ownership always means that all are equal owners of the means of production, that is to say, they all possess equal social primary rights; someone is not "more" or "less" of an owner than another, as is the case, for example, with joint stock companies and other capitalist companies, whose owners own varying shares. With respect to the people's property, this holds true for all members of society and, with respect to cooperative socialist property, this holds true for all members of the cooperative. The idea that this socioeconomic equality must mean an equal share for all with respect to distributable products cropped up in early communist movements here and there, but never played a major role in the worker movement. Such distribution can exist neither under socialism nor under communism.

What is the real significance of socioeconomic equality among all members of society, what is its connection with the performance principle?

1. Socioeconomic equality is realized in practice by facilitating social security for all members of society without exception. With reference to the formulations contained in declarations and conventions on human rights, the following could be said for the citizens of our country: Every person is born here with the same permanent right of being protected against all serious vicissitudes of life. Socioeconomic equality means the opportunity and the necessity of "creating such a life for all people as would permit everyone to freely develop their

human nature, to live with his neighbor under human conditions and not need to fear any violent upheavals in his life situation."³

And as is the case with the declarations on human rights, the emphasis here lies on the rights of *each individual*: social security is not divisible, it can only exist for all lest it not exist at all. And as for the practical aspects of the connection of this principle of social security with the performance principle—and these connections are doubtlessly of extraordinary importance: social security is a primary right of every individual stemming from social property. The performance principle, which originated in the system of socialist acquisition, primarily, however, from the necessity of combining all-social, collective, and individual acquisition, has, in comparison to this formulation, a more instrumental significance, that is to say, it is a necessary unrenounceable means for mobilizing social energies, the social motive forces of socialist society. Socio-economic equality includes the provision that all individuals possess socially equal starting points and developmental conditions, primarily equal social opportunities for access to all educational facilities. And, in the final analysis, it means that society must concern itself with the searching out and the systematic promotion of the talents and capabilities of all members of society, that it must develop and promote virtually all—those with more and those with less talent—as close as possible to the limitations of their capabilities. This principle of equal treatment for all members of society naturally also means that those who have a particularly great talent must be promoted and challenged to a particularly high degree in the interest of all of society with great attention being paid to the development of differentiated talents and capabilities.

2. Distribution and, thus, the material conditions for living for all able-bodied members of society is determined in accordance with an equal yardstick: by the performance they turn in. But this is not merely a matter of seeing to it that this yardstick is equal for all, but rather that it represents the most complete type and manner of measure which is realizable in social justice: everyone can determine his living conditions only through individual work, he cannot exploit others, that is to say, it is his own capabilities and his own efforts which determine his position in society and his living conditions.

Social efforts to achieve a more consistent realization of the performance principle must essentially be aimed at eradicating everything which would weaken, obscure, or even distort this dependence of the individual living conditions on individual performance. The more successful these efforts are, the more depends on the individual. It becomes ever more clear that real performance in socialism is something which has a limitless positive nature, both from the standpoint of the individual and also from the standpoint of society, that such sayings as "He only slaves for (or primarily for) the money" are erroneous. Anyone who works properly for the sake of earning a high income must not be esthetically and morally brought into the vicinity of those who pretend to perform, who lie, and who steal for the sake of income. Experience

has repeatedly shown that honest work which is also honestly evaluated is simultaneously a fruitful fertile ground in which ethical-moral motivation flourishes.

3. Socioeconomic equality among all members of society is, simultaneously, the point of departure for responding to the question as how great the differentiation in income should be, with the aid of which the performance principle is to be realized. This measure—it is precisely here that the instrumental character of the performance principle becomes discernible—is determined exclusively by the fact that differentiation adequately stimulates realization of the "first portion" of the performance principle—"from everyone according to his capabilities."

Naturally, the principle of social security, just as much as the principle of performance and the connection between them are historical magnitudes. It turns out that the higher the quality level at which society facilitates social security—the assurance of a high degree of education for all children, socially equal opportunity for all to attain all levels of education have long been part of this—the greater must and can be the differentiation and is generally recognized as being socially just. There can be no doubt about one fact: There is no reason to install foreign motive forces in socialism. The opportunities for a more effective realization of the performance principle are great and the opportunities will certainly never be exhausted in a socialist society.

Footnotes

1. Thomas Morus, "Utopia," Philipp Reclam Publishing House, Leipzig, 1976, p 45.
2. Lion Feuchtwanger, "The Wisdom of Fools or the Death and Transfiguration of Jean-Jacques Rousseau," in "Gesammelte Werke" [Collected Works], Vol 8, Aufbau Publishing House, Berlin, 1962, p 379.
3. Friedrich Engels, "Two Speeches at Elberfeld," in "Werke" [Works], Vol 2, Dietz Publishing House, Berlin, 1957, p 556.

Socialist Version of Performance Principle Explained

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[Article by Prof Dr Otto Reinhold, member of the SED CC [Socialist Unity Party of Germany Central Committee], rector of the SED CC Academy of Social Sciences: "Socialism as a Performance-Oriented Society"]

[Text] According to the ideas of Marx and Engels, socialism is a society which can create all conditions necessary for the rapid and continuous development of productive forces, performance capabilities within the economy and society in general. The dynamic development of the economy and of society is the prerequisite for the systematic elevation of the material and spiritual-cultural standard of living of the workers, for the free

development of their talents and capabilities, for the realization of all ideals and values of socialism. At the same time, Marx and Engels sharply rejected all ideas which were intended to reduce the transition toward a socialist society to a just distribution of available supplies. It is not the just distribution of poverty, but rather the creation of social wealth by society to benefit all its members that is the essence of the socialist order.

Performance Stands Before Distribution

When Marx was formulating the basic principle of economic and social development in the new society in his "Criticism of the Gotha Program," he never understood it to mean only a distribution principle. He wrote: "Each according to his capabilities—to each according to his performance." The point of departure is that everyone works according to his capabilities, with these capabilities constantly expanding and growing. It is only then that the just distribution of the standard of living for all can experience continuing growth. Performance takes precedence over distribution. In this spirit, the classicists of Marxism-Leninism understood socialism to be a society whose performances were high, that is to say, a performance-oriented society.

The concept of society put forward by the SED follows these ideas without limitation. In its policies for the 1990's, our party also feels that a substantial increase in performance capability in the national economy, as well as in all other areas of social life, is desirable in order to continue the unity of economic and social policy and to be able to continue realizing our ideals and values of socialism.

In this respect, we take account of the fact that, in today's world, some factors which substantially increase the need to raise the performance force in the economy and in society at a great pace have taken on ever more persistence. The scientific-technical revolution and the struggle between both social systems are particularly meant by this. The pace of scientific-technical progress has substantially quickened, the ruling imperialistic circles have advanced the utilization of the scientific-technical revolution in the interest of high profits and the expansion of their power positions to the center of their policy.

Marx and Engels derived the necessity for a constantly growing performance capability from the internal requirements of socialism. Today, weighty international aspects need to be added. The rapidly growing economic and social performance capability of the socialist countries determines the international forces ratio in a decisive manner, as well as the international position of the GDR. The international position of our country—particularly within the framework of the world economy—has become a decisive factor for our developments in the economy and in society. Just consider that the GDR realizes around one-half of its national income through foreign trade and that, on the basis of its limited

potential, which is based on its size, it is dependent on the division of labor and on coproduction.

It is theoretically generally recognized that socialism is a performance-oriented society and must be such, that high and constantly growing performance capability is fundamental to its existence and developmental conditions, and that it, thus, is based on the performance readiness of all working people. However, the theoretical recognition of this fact is not the only thing that is required; rather, it is its practical conversion.

If we observe realistic development in our country from this standpoint, then, without a doubt, we can determine the presence of a high degree of performance readiness and high performances on a mass scale. The dynamic development of the economy of our country would not be feasible otherwise. This high degree of performance readiness was and is the prerequisite for being able to successfully master the many complicated problems which have arisen as a result of international developments, the influence of nature, but also as a result of internal contradictions.

This important fact, however, does not make us complacent. Obviously, in practical life, we encounter a number of contradictions between theoretical recognition and actual attitude, as well as real manifestations, which hamper our development. For this reason, the question regarding the relationship between social security, the performance principle, and social justice is subject to particularly intensive discussion during the preparations for the 12th SED Party Congress. The serious discussion of this question can only be evaluated as being positive since it gives expression to the massive efforts to make better and primarily more effective use of our potentials, opportunities, and motive forces to effect an increase in performance. The question is largely one of how motivation for high performance, particularly for peak performances, can be substantially increased and how fertile creativity can be significantly further expanded.

Certainly, many factors play a role in the theoretical as well as the practical response to this question. The idea that a mechanism could be created which would act as a strong performance stimulus analogous to the profit motive under capitalism, is completely unrealistic. All hopes in this direction are mendacious and must necessarily lead to erroneous developments. Socialism must find and apply ways toward performance motivation, toward connecting performance and distribution which are specific for it and appropriate to its character.

Naturally, the consistent enforcement of the principle of distribution governed by performance represents a decisive lever. And this does not only involve the formation of individual wages, salaries, and bonuses, but also entails the performance evaluation of combines, enterprises, cooperatives, scientific facilities, and other collectives. However, as has been shown, the performance

principle alone, understood in this manner, isolated from other social developmental processes, cannot fulfill this task.

To begin with, the ideological situation and social behavior in general play an essential role. The question arises as to how we evaluate high performances, particularly key performances, how do we behave with respect to those workers who achieve such performances? If we wish to respond to this, then we must first emphasize that collectives and individual workers who achieve great performances in the economy and in society are also appropriately recognized and honored in multiple ways and rewarded. Let us recall here those collectives which achieved decisive breakthroughs in microelectronics, in the development and production of highly integrated circuits. It is a matter of course now that, in connection with the national holiday, as well as on the occasion of the 40th anniversary of the GDR, workers who have achieved great performances are honored.

Egalitarianism Does Not Benefit Anyone

Nevertheless, there are a number of problems in this connection which must be thought through and for which better solutions must be found. Now as before, we encounter tendencies of egalitarianism. In theory, we have a clear position with regard to this problem. In important areas, socialist society has created equality for all citizens. These include equal relationships with respect to the most important means of production and to labor. Exploitation of man by man has been eliminated. One's own labor is the source of income. Social security and full employment are the basis for this. All have an equal right to participate in the essential political and economic decisions. For all people, the free development of talents and capabilities is equally facilitated. With respect to distribution, all have equal rights to receive a share of the national income according to the actual performance achieved. He who performs more must receive more; he who performs less receives less. The consistent application of this principle represents the maximum of social justice which can be achieved under socialism.

However, we also encounter opinions and attitudes which seriously hamper the application of this principle. Thus, we encounter the view that social justice under socialism is said to be the ability of everyone to purchase everything at any time, to be able to "afford everything." If this were so, we could forego the performance principle. It is part of the essence of the performance principle that one can acquire more high-quality consumer goods or certain services only if one has previously achieved an appropriate amount of greater performance.

Among the inconsistencies which are practiced with respect to the performance principle is the habit of applying it only in one direction: he who works more receives more wages or bonuses. He who does not fulfill his tasks or fulfills them poorly, however, does not

necessarily receive less on account of it. Rightful criticism is thus leveled at the fact that this tends to equalize the differences between outstanding work, the full commitment of forces, and poor-quality work. The payment of wages, salaries, bonuses, or performance-oriented salary supplements without the appropriate performance having been achieved, constitutes a fundamental violation of the principle of social justice. Necessarily, this is counterproductive with respect to the motivation to achieve higher performance.

Naturally, the implementation of the performance principle is far more just the question of wage calculation. It is realized with great consistency everywhere where open discussion has created an atmosphere for precise performance evaluation. It is completely normal that in this process arguments cannot be avoided. Wherever this atmosphere does not exist, where this critical evaluation is avoided, equalizing tendencies prevail. Obviously, the consistent application of the performance principle requires the development of motive forces based on its application, requires a greater public discussion of the questions and problems connected with it. This could substantially contribute toward creating the required atmosphere for critical and thus realistic performance evaluation throughout society in general and in the individual collectives, which is absolutely essential. In this process, managers at all levels play a key role. The political profile, specialized competence, implementation capability, serving as an example, and reputation are more than ever the prerequisites for being able to meet these requirements. Naturally, it is indispensable for the performances of these managers themselves to be recognized—both in a material sense as well as in the moral sense. In many cases, the consistent application of the performance principle in enterprise sections is impaired when the foreman or the responsible engineer earns less for performing good work than many a specialist whose performance he is to evaluate precisely.

As it turns out, the scientific-technical revolution as well as the dynamic development of society conspire to change many a yardstick for performance evaluation. Intensively expanded production and the broad development and the economically efficient commitment of modern key technologies combine to change the values of science fundamentally—it becomes the point of departure for the reproduction process, the connection between science and production increasingly becomes the core question for successful management. The general recognition of this fact, however, is only consistent when in theory and practice it is recognized that the role and the social position of scientists is thus significantly raised, both for workers employed in research and also for the scientific-technical intelligentsia. Their motivation toward higher performance, their commitment, and their work results exert a more lasting influence upon the reproduction process as well as on social developments across the board today than was the case hitherto. It is completely certain that this influence will continue to grow in the 1990's. Our party has repeatedly clearly

underscored this fact. However, what should be considered is how it is possible to draw better and more effective final conclusions from this generally recognized fact during the discussion of this question, wage and salary questions are mostly brought into the foreground. Certainly, there still exist a number of disproportions in this area. With growing economic performance, surely still better solutions can be found. But it is clear that the final conclusions must not be reduced to questions of wages. They must primarily include respect for work results achieved through intensive labor, as well as the creation of working conditions which facilitate key performances.

The realization that different, though closely allied classes, social strata, and groups exist in a socialist society, recognition that the social structure of society is multifaceted and therefore gives rise to objective different interests which, given appropriate recognition, form an important motive force, has long been a truism in the SED. These varying interests are connected with varying positions in the social reproduction process, with varying reproduction requirements of the labor force, with varying free-time interests and cultural needs. This has long been formulated in the documents of our party. As has been shown by investigations, the practical realization of these findings has, in the meantime, not become a normality everywhere. Egalitarian tendencies are still quite broadly dispersed here and there, even though our party has never understood the fundamental finding—namely that the working class of our country is and remains the leading force of socialist society—to be a demand for equalization and has, moreover, emphasized the fact that the scientific-technical revolution, intensively expanded reproduction, could not be mastered at all without a close alliance between the working class and the intelligentsia. It is also natural for new requirements and new forms of cooperation to arise in this process.

Encourage Peak Performances

One of the central tasks of our economic and social strategy consists in the development of key products in the areas of modern key technologies and in other areas—without regard to existing production, but rather in comparison to world-class products. The fact that this is only possible with key experts is completely undisputed. The training and maximum encouragement of the largest number of such experts in all sectors of the national economy and in other areas of social life is thus a task of strategic significance. Its practical solution is in no way less important than, say, the creation of the necessary material-technical prerequisites for new products and new technologies through inventions. It is possible to agree unequivocally with those opinions which hold that, under the conditions of the scientific-technical revolution and the intensification of the national economy, "investments in people" are the most important. However, nothing hampers the development of key experts more than tendencies to equalize, no matter what the manner of their appearance may be.

The maximum encouragement of key experts has nothing in common with the creation of some kind of new elite on the bourgeois model. Let us only remember that, in the history of the GDR, the education privilege was first broken and then all conditions were created to permit everyone to develop their capabilities and talents freely without restriction. The Ninth Pedagogic Congress outlined the conditions which had to be created so that this development might be safeguarded also in the 1990's. The essential and fundamental difference in comparison with capitalism consists of the fact that the development of key experts does not take place alongside the general education system and is not reserved for a certain elite stratum. Moreover, as a matter of principle, this path is open to every GDR citizen, irrespective of his origin.

Today, key experts develop spontaneously only in exceptional cases. To find them engaged in intensive work and to provide them with maximum encouragement has, thus, become a central task—both for the schools and also for enterprises. In those combines which stand in the foremost positions with respect to the development of modern key technologies, this is an indispensable component of the work involved in creating modern reproduction processes: the Carl Zeiss Jena and the Robotron combines are examples of the above.

Intensively expanded reproduction in conjunction with the scientific-technical revolution alters the position of man in the economy substantially. Not only do the specialized requirements grow, but so do individual responsibility and individual decision opportunities. Motivation for high performance and performance readiness becomes ever more important. The advantages of socialism include the fact that by its very essence, it has at its disposal the potentials and opportunities to expand this motivation particularly. Nevertheless, this does not take place automatically, but must occur deliberately and according to plan. The unity between economic and social policy is the decisive foundation in this regard. Under conditions of the intensively expanded reproduction process and under conditions of technological change, the constant motivation of workers to render high performances and the maximum amount of initiative becomes a key question for management activities. The development of a clear concept in this regard in combines and enterprises, the development of an effective program and the practical realization of this question is of equal importance as, say, the investment policy or concepts in other areas of the economy. The scientific-technical revolution confirms that man is and remains the principal productive force and it does so in a special way. If that is the case, then the necessary final conclusions must be drawn from these facts.

The consistent application of the performance principle which clearly shows that commitment and good work are worth it is essential. However, this effect can only be expected if poor work exerts an equally palpable effect. This type of motivation includes development opportunities and respect for the individual as a personality, a

creative and open atmosphere within the collective, but, above all, full identification with work tasks. This is of great importance, particularly in view of the far-reaching technological change processes of the present and those to be anticipated in the 1990's.

The basis for this identification is social certitude, the practical experience that, in the GDR, technological change leads neither to unemployment nor to social decline. An essential prerequisite for this exists in the fact that structural changes have a long-term and planned character, that social conflicts are avoided and social problems involving workers are resolved in a friction-free manner as much as possible by taking worker interests into account. Available investigations indicate that workers are informed about technological change processes in the national economy of the GDR on a timely basis, as a general rule. This makes a fundamental difference in comparison with the practices of the concerns of the FRG and other capitalist countries obvious. There, the trade unions are forced, now as before, to engage in a hard struggle to see to it that workers receive a minimum of information regarding such technological processes of change.

However, as important as it is, information for purposes of full identification among workers in our country is far from adequate. What should be involved here is to include all participating or impacted workers in all important decision processes, starting with the first idea, and not merely involving them in the execution of decisions which have already been taken. Only then can it be expected that all will bring their experiences to bear and will identify with a concept of technological change in an unrestricted manner. Performance readiness and the further expansion of socialist democracy are indivisibly tied together. The practical formation and further perfection of socialist democracy in socialist combines and enterprises turns out to be the fundamental prerequisite for the successful prosecution of our economic strategy.

To Be the Owner of Socialist Property

The relationship of workers toward socialist property is connected with the above. How can we achieve a status in which the fruits of social property are not only harvested, but that we, as owners, conduct ourselves on a day-to-day basis in an effort to make efficient use of this property and thus multiply its fruits? In most socialist countries, this question is debated in detail. If one obtains an overview of this discussion, then the majority of the proposals involve such forms as the lease-hold system, cooperatives, and joint stock corporations. As far as we are concerned—we, who have incidentally had the best experiences on the path of continuous development of the cooperative system, for example, in agriculture—are primarily interested in finding and utilizing methods and forms of management and planning and economic accounting in the people-owned economy, which is the most important and by far

the largest part of our socialist economy, which would result in maximum increases in performance readiness and performance.

We can start from the fact that all measures to form management systems in the GDR since the 1970's have served this goal—starting with the formation and development of the combines through the introduction of production wages in the greater part of the economy. We are now about to take a new important step, the gradual and comprehensive application of the principle of self-financing in combines and enterprises. This principle has been successfully tested in 16 combines for the last 3 years; another 40 will be included in self-financing operations, beginning with the period in which the plan for 1990 is worked out.

What is essential in this principle—and the workers in the 16 combines and their enterprises have understood it to be so—is that consumption can only involve whatever has previously been produced, that individual work results are used to make overall decisions regarding the scope of actions involved in the successful continuation of the unity between economic and social policy, and that one must, therefore, fully exploit the potentials and opportunities inherent in socialist property if a high level of management and consumption is to be achieved. The transition to the principle of self-financing is a decisive step in further expanding performance readiness and performance capability and to further elaborate the attitudes toward socialist property embodied in the means of production in a constructive sense. Naturally, the efficient use of the principle requires that it be combined with the activities of every brigade and of each worker.

In recent years, concerns in a number of capitalist countries were able to attain significant growth in economic efficiency by utilizing modern science and technology. This has resulted in efforts to build on capitalist methods to improve efficiency, particularly in those socialist countries where it has thus far not been successful to find and successfully develop ways which are appropriate to socialism.

However, it is evident that one cannot take over one-fourth or one-eighth of capitalism and keep the rest under socialism. Capitalist methods in the struggle to reach high economic efficiency only function within the framework of capitalist society in general. They cannot function if they are lifted out of the overall context. They are only effective in conjunction with the appropriate position of the workers in society, with the sale of labor, with the pressure created by unemployment, social decline, "two-thirds society," and the capitalist competition struggle, in conjunction with the fear of tomorrow. The attempt to apply these methods under socialism compels the taking on of ever new elements of capitalist society with shameless logic. But it is completely certain that socialism will not become attractive if it also shows manifestations of unemployment, inflation, impoverishment, or fundamental evil.

The basic principle which Marx formulated—"from each according to his capabilities—to each according to his performance"—can always be more effective the better the socialist character, the socialist essence is realized in all areas of society. In this sense, social security and full employment are not contradictions of the performance principle, but rather a fundamental condition permitting everyone to work according to his capabilities and to continuously expand these capabilities personally. If individuals attempt to misuse social security to perhaps achieve high incomes without higher performance, then this is no argument against social security, but rather an expression of the inconsistent application of the performance principle. The motive forces of socialism can only become fully effective if the prerequisites for them are fully created in all areas of social life—starting with the system of management, planning, and economic accounting, the continuity of the reproduction process, the supply of consumer goods and services, through the dominance of socialist ideology.

Details Provided on Fishing Industry

23000196 East Berlin SEEWIRTSCHAFT in German
No 6, Jun 89 pp 295-299

[Article by Diploma Engineer Uwe Richter, Rostock Institute for High Seas Fisheries and Fish Processing: "Energy and Stock Conserving Fishing Procedures for GDR High Seas and Coastal Fishery"]

[Excerpts] Considering the increasing importance of high seas and coastal fishery in the GDR, this article describes the current status of the use of passive fishing gear, and, taking into account the current development of cod and flatfish stocks in the Baltic, points out the need to insist on the greater use of selective and stock conserving fishery. The author presents the technical development work initiated to that effect by the institute.

1. The Increasing Importance of High Seas and Coastal Fishery

In view of the restrictions adopted by the coastal countries, the GDR's high seas fishery is saddled with growing material-technical, organizational, and financial costs, in particular significant amounts of foreign exchange that need to be spent on the purchase of fishing licenses and safeguards for our ships in distant seas. At the same time, our high seas fishery is subjected to the ever increasing claims of the coastal countries—frequently intended to hamper the fishing operations of our vessels. Furthermore, the efficiency of high seas fishing continues to be reduced by the use of fishing and processing ships as mere processing stations for the purpose of the trade in fish.

By contrast, as regards fishery utilization, the GDR's fishing zone in the Baltic is affected mainly by domestic influences and therefore represents a secure basis for the GDR's fishing industry. However, this basis is secure only if our natural resources are handled properly and used optimally. Handling them properly means the

achievement of the largest possible catches in order to ensure large supplies for the general public. At the same time it is imperative to make sure that fishing does not shortsightedly and unnecessarily strain fish stocks and their ecosystem. Instead we must look to the future and do everything possible to maintain the bases for a high seas and coastal fishery that will provide satisfactory yields in the years to come.

The Current Status of Fishery in the Economic Zone of the GDR

Some 27 fishery production cooperatives (including five cutter cooperatives) and the Sassnitz Fishery VEB [State Enterprise] operate in the GDR's economic zone. They use the fishing vessels described in Table 1. Tables 2 and 3 show the development of unit catches since 1984 and the breakdown of the main types of fish caught—herring, cod, and flatfish. Other types of fish are caught in addition to the varieties mentioned, such as sprats, edible fresh water fish (perch, bream, roach), and high-grade fresh water fish (pike, eel, pike-perch). They account for roughly 7 percent of the total annual catch.

The trawl net continues to be the main fishing gear in coastal fishery. In 1987, 53 percent of the total catch in the economic zone were realized by this fishing device (see Table 2). Bow nets and anchored nets is the main passive fishing gear used. Table 4 [not reproduced here] provides a survey of time and area schedules for the various fish caught by passive fishing devices in GDR high seas and coastal fishery. The widespread use of passive fishing gear is of increasing importance because it operates so as to conserve energy and fish stocks.

The analysis of specific energy consumption (liter of diesel fuel per kilogram fish) in 1987 showed that cooperative fishing with bow nets and anchored nets used 0.032 l/kg [liter per kilogram], compared with 0.321 l/kg used by trawling—a clear proof of energy conservation. The stock conservationist effect is even greater, because selective fishing by passive fishing gear catches mature fish only, thereby counteracting the destruction of concentrations of immature fish—as is the case in trawling.

We have already succeeded in obtaining the majority of herring catches (about 64 percent) by passive fishing equipment. However, the present percentage of cod and flatfish caught by these devices is entirely inadequate—with dire effects on stock development. The following facts underline this statement. Cod and flatfish yields dropped quite severely in recent years (by 38 percent in 1984-87—see Table 2), though DK [diesel fuel] consumption rose by 17 percent. Aside from overfishing, the exclusive reliance on trawling must be considered one of the main reasons for the declining catches. This type of fishing evidently catches too many immature cod, resulting in lower total stocks and less spawning and, therefore, in less reproduction of the stock. Average 1982-87 catches from the western cod stocks consisted to 54.5 percent of immature cod with an average weight of 637 gram. In order to provide an effective contribution

to the husbandry of the badly depleted cod and flatfish stocks, the institute's present fishery research and development work concentrates primarily on the further extension of anchored fishing, the development of a mechanized long-line system for cod fishing as well as the introduction of for flatfish fishing.

In the following I present the various development directions, their goals and first results.

Technical Development Work at the Institute for High Seas Fishing

3.1 Anchored Net Fishing

In recent years, our efforts in the field of anchored net fishing concentrated mainly on the mechanization of fishing. A solid foundation has been provided by the development of a hydraulically driven net retriever for water depths up to 20 meter basis (Illustration 2 [not reproduced]). In addition to the manpower saving at sea and the improvement of working conditions on board, more than 50 percent time savings are made possible by the retrieval of nets by mechanical rather than manual means, and more nets can therefore be lowered. This research was complemented by the development of a yarn leadline produced here and a mechanization appropriate buoyancy device made of SYS pure foam.² The use of multimono-fil netting is indispensable for the future expansion of stable cod and flatfish anchored net fishing, consonant with international standards. In close cooperation with the netting industry in the USSR, we have begun the first trial production of multimono-fil netting, to be followed by extensive seagoing tests in both countries.

The institute aims by 1990 to have developed a hydraulically driven self-hauling net retriever in order to further develop fishing stations for anchored net fishing (fishing stations at water depths in excess of 20 meters) and for the deployment of larger vessels.

In view of the fact that, even if appropriately intensified, anchored net fishing will still be able only to provide some of the necessary cod and flatfish yield, this method of fishing should be properly supplemented by other energy and stock conserving fishing gear. These include above all long lines and purse seine fishing. That is the reason why the development and use of mechanized long line systems and the various towed net fishing technological equipment has turned into a significant task with respect to high seas and coastal fishery.

3.2. Purse Seine Fishing

This method of fishing has so far not been operated commercially on the GDR coast. Similar methods, such as the scattered fishing for flounder, were supplanted in the 1950's by the more efficient trawling. The use of purse seine fishing was first studied in 1986, due to the special problems arising from trawling for flatfish (the use of steadily more heavy trawling gear) with respect to energy consumption and damage to immature fish. Taking into account the specific conditions of GDR

coastal fishery, the pair-seine method was chosen for these studies.³ New experimental and drag net designs represented the basis for the first fishing tests (see Illustrations 3, 4, 5 [not reproduced]). These tests, carried out in 1987 and 1988 by vessels of the 17-meter cutter class, provided proof in principle of this method's technological feasibility. I should mention here that it is not necessary to install any additional deck gear nor to convert equipment already on the cutters. The test results met expectations with regard to fuel consumption and selectivity. Specific DK [decimal classification] consumption (1 DK per kg fish), for example, amounted to only 0.247, signifying around 38 percent fuel savings. Unit catches (catch per day of operation) showed that pair-seine fishing may well yield the same catches as trawling. The quality of the catch was definitely better than that landed by trawlers. It should be mentioned in this connection that the pair-seine test results were achieved with basic rope complement gear (8 mm chain) and at low towing speeds (maximum 1.8 knots). This evidently contradicts the opinion (still widely held by fishermen) that it is necessary for a successful flounder catch to tow heavy gear at high speeds.⁴

On the other hand I must admit that this type of fishing involves a working rhythm to which our fishermen are not accustomed. Operations are strictly limited to day-time hours and, because bursts of no more than 2 hours each are desirable for realizing 4 hauls per day, crews enjoy consecutive rest periods only at the conclusion of this fishing cycle. Despite the proven positive effects of this type of fishing, extensive reflections are required on how to stimulate the use of this stock and energy conserving method, because—due to the relatively large use of materials and the above mentioned working rhythm—it is possible for disadvantages vis-a-vis trawling to arise. With a view to the future we are working on the use of the anchor and towing method for use on 17-meter cutters. We already have some positive results.

3.3 Long-Line Fishery

Long-line fishing used to be carried on in the GDR fishing zone (see Table 4). In its traditional form it required a great deal of manual labor and, therefore, with respect to cod and flatfish fishing, lost out almost completely to mechanized trawling. Current technical development work aims at combining the reintroduction of this method with extensive mechanization, because long-line fishing is highly selective and thus particularly well suited to stock conserving cod fishing. Our work initially emphasized the development of an up-to-date long line. Inspired by trends in international fishing, we studied the efficiency of long lines made from monofil materials (actually polyamide wire) for the main line and auxiliary cord as well as—and as far as possible—the influence of various shapes and sizes of hooks. At the same time we already drafted a conception for the mechanized handling of lines best suited to conditions in the Baltic and are working on the development of mechanization-appropriate accessories.

Since 1988 we have been working on the development of a mechanized long-line system for catching bottom fish in the Baltic. We hope to introduce a system fit to set world standards with respect to its technical-economic parameters and suited especially for use by small vessels hugging the coast. By comparison with other existing monofil line system, ours has some significant advantages, arising from an original concept. These are, in particular, less need for manual labor, and manufacturing costs are lower (due to the desired simplicity of the plant design), coupled with the greatest possible reliability and user friendliness on board. The short time span assigned this task (2 years) compels us to use new methods in the engineering work. Comparable developments in the Scandinavian countries took 8-10 years. In order to speed up the potential contribution of a parallel development of components of the system to be created, we sought cooperation with the Kaliningrad NPO. This scientific production organization of the Soviet fishing industry already has much experience of the Scandinavian long-line system and developed its own version for use by larger ships. Based on the contractually mandated cooperation between the two institutes, the IFH [Institute for High Seas Fishery] is developing the central (main) unit for untwisting, lead-off, and hook separation (see Illustrations 6 and 7), while the Kaliningrad NPO [expansion unknown] handles the question of the baiting

mechanism and other peripheral parts of the system. Table 5 lists the most important technical data of this plant (to be completed in 1990), as compared with existing systems.

4. Outlook

The preservation of fish resources in the Baltic calls upon us not only for the development of new fishing techniques but also for the interdisciplinary cooperation of fishermen, economists, biologists, and the fishery supervisory office, with a view to the development of a forward looking fishing policy that unites the economic, ecological, and technical aspects of the greater use of stock conserving and environment-friendly fishing gear. The bases of such a development include the evidence and evaluation of the damage done to fish stocks and the environment by trawling as well as the indication of potential solutions with respect to the expansion of passive (that is energy and stock conservation) fishing from the aspects mentioned earlier. This involves, among others, such measures as making available high-yield zones where trawling is not used, a ban on catching spawning fish, quotas, payment in accordance with the quality of the catch and also central backing for passive fishing gear, because these latter are often materials intensive and therefore expensive.

Table 1: Fishing Vessels of the GDR High Seas and Coastal Fishery (as at 31 Oct 88, Statistics: Richter)

Type of Ship	Total	Machine Output in Kilowatts	Remarks
Coastal ships	765		These include 575 motor boats and 190 row boats
10-meter plastic boats	9		
12-10-15-meter wooden cutters	85	45-100	
17-meter wooden cutters	66	147(103)	2 cutters used for fishing and biological research
18-meter steel cutter	5	103	2 cutters used exclusively for bow net fishing
21-meter steel cutters	3	147(220)	
24-meter wooden cutters	5	147	
HZ 400	6	309	
B 403	5	419	
26.5-meter steel cutters	46	184(220)	3 cutters used for the Beira solidarity project

Table 2. Total Catch in the GDR Fishing Zone¹

	1983	1984	1985	1986	1987
Total catch (tons)	75,136.3	67,184.5	62,077.4	61,286.7	57,266.1
Trawling	47,601.1 (63.3%)	40,802.3 (60.7%)	37,109.5 (59.8%)	37,370.9 (61.0%)	30,400.3 (53.1%)
Passive fishing	27,575.2 (36.7%)	26,382.2 (39.3%)	24,967.9 (40.2%)	23,915.8 (39.0%)	26,865.8 (46.9%)

Table 3. Catch (in Tons) of Herring, Cod, and Flatfish in the GDR Fishing Zone¹

	Herring	Cod	Flatfish
1984	49,554.0	8,018.4	3,163.0
1985	48,903.0	4,078.0	4,305.0
1986	51,149.0	2,127.0	3,555.0
1987	45,211.0	4,486.0	2,437.0

[passage omitted]

Table 5. Comparison of Technical Data of the Proposed "Baltic Line" Gear With Existing Technical Solutions

Data	Baltic Line	Miniline (Norway)	Profish Line (Sweden)
Operational depth	Max. 30 meters (without auxiliary engine)	100 meters	100 meters
Crew	2	3-4	3-4
Degree of mechanization	0.716	0.53	
Reeling-in speed	0.4-0.7 m/s [meters per second]	0.75 m/s	0.5 m/s
Reeling-in and preparation for lowering	Continuous	Cassettes to be filled manually	Cassettes to be changed
Lowering	Continuous	Cassettes to be changed every 100 hooks	Cassettes to be changed every 650 hooks
Lowering speed	2.0-2.5 m/s	1.25 m/s	2-2.5 m/s
Rate of baiting	Less than 90%	90%	90%
Bait	Herring or sprats	Herring or sprats	Herring or sprats
Drive and control	Hydraulic, 1-2 drives, graduated	Hydraulic, 2 drives	Hydraulic, 2 drives
Pull	1.5 knots		

Footnotes

1. Waskewitz, J.: "Comparative Technical-Economic Studies of Active and Passive Fishing Methods of the GDR's High Seas and Coastal Fishery," engineering dissertation, Wilhelm Pieck University, Rostock, 1988, unpublished.

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3. Gabriel, O.; Richter, U.: "Purse Seine Fishing—A Method for Low Energy and Selective Flatfish Fishing," SEEWIRTSCHAFT, Berlin 19(1987)10, pp 504-508.

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HUNGARY

U.S. Professors' View of Hungarian Economy

25000384 Budapest FIGYELO in Hungarian
6 Jul 89 p 7

[Interview with International Management Center professors Robert D. Hisrich and Andrew Gross, by Pal Reti: "A Conversation With American Management Experts: '... This Country Will Flourish by the Mid-1990's'"]

[Text] Do you see any possibilities for the Hungarian economy? Essentially this was the question we asked of two American professors of the International Management Center about to return home. Robert D. Hisrich, author of several books on small business and marketing, and international marketing expert Andrew Gross reported their findings.

[FIGYELO] Having taught Hungarian enterprise leaders something about American management for half a year,

do you still believe that the theoretical knowledge you acquired in the United States can be directly applied in Hungary?

[Hirsich] The management and marketing theories developed in the West can be applied well in Hungary. While teaching, and in the course of meetings with some enterprise leaders from around Budapest I found that the Hungarian economy has outstanding human resources. There are many creative, innovative leaders. All that is needed in addition to that are knowledge, the appropriate mechanisms, and the institutions. Hungary is now confronted with tremendous challenges in regard to successfully applying Western methods.

[FIGYELO] Western professionals have been praising the Hungarian workforce, capable managers for decades. Viewed from Hungary, however, it appears that all this does not suffice to have a successful economy.

[Hirsich] Progress needs to be made primarily in the infrastructure, and in this regard the government has some important things to do. The business infrastructure must be developed urgently, in great strides, including telecommunications, the telephone network, the postal services, transportation, and so on. Namely, there is no business without communications and the transportation of goods.

Hungary's financial infrastructure must also be improved. This means first of all the establishment of convertibility. The first question every Western businessman arriving here asks is what he can do with his profits and whether he acquire convertible currency.

And last, the training infrastructure for modern business must be established—marketing and enterprising must be taught.

[Gross] The government must manifest in several areas that it truly advocates a market economy and entrepreneurship. The other day I met several small businessmen who believe that the government assures them of its support only in words. It's all right, they said, if the government does not truly support small enterprise. But the government did not keep its promise to remove existing obstacles in the fields of wages, taxation and administration either. Accordingly, the government should convince these people through firm measures which demonstrate [such support]. Similar measures would be needed also in other areas. For example, it should be announced that by a certain date the duration of a trip between Budapest and Vienna will be reduced by 20 percent, and this promise should be kept. On the other hand, if the government has money, let's say, to only to build a 1-kilometer stretch of a highway, it should say openly that it will spend the money for that purpose, and once it is finished everybody should be able to see for himself. One should not argue about these things.

[FIGYELO] What would be your response if upon your return to America an investment firm would ask if it is worth investing in Hungary?

[Hirsich] Many Western investors are pondering business opportunities in Hungary today. Most of them feel that it would be worth their while to invest in Hungary. But they have two concerns. One is whether Hungarian management is capable of, whether it can be retrained to the extent that investors could entrust them with their capital—their own money—so that it produces at least as much profit as if they had entrusted that money to Western managers. The other concern may be defined as follows: How long will freedom last? Could an investor be assured that in six months planned economic management will not return to Hungary?

[FIGYELO] Nevertheless, on the basis of all this, what would you recommend to an investor?

[Hirsich] They can do a number of things to alleviate their concerns, they can bring managerial talent to the country, they can provide enterprise leaders, they can supplement Hungarian enterprises with a Western sales network. This is so, because perhaps the largest shortcoming of Hungarian enterprises is that they simply do not know how to sell in the various Western markets which differ even within the Western market itself.

[Gross] Incidentally, not only Western markets are different, there are also very different Western investors. This must be taken into consideration in the process of enticing capital. American investors concentrate mainly on short term returns. The Germans think in the long term, and they are extremely sensitive in regard to quality. The Japanese also favor long term investments.

[FIGYELO] In starting ventures, what differences did you find between the opportunities available to Hungarian and West European, as well as American small businessmen?

[Hirsich] The greatest difference is in financing. Although finding money for a new undertaking is difficult everywhere—including in the United States—the scale of possibilities is much broader than here. There is a capital market, there are people willing to invest money in business ventures, even as private persons—they call these "angels" in the United States—or in the framework of investment firms specializing in the provision of venture capital. The capital market should be developed urgently also in Hungary.(...)

[FIGYELO] Do you have the stock market in mind?

[Hirsich] Not primarily. Forgive me, but the enthusiasm they use in Hungary to talk about the establishment of the stock market makes me smile on occasion. The capital market has very many forms, ranging from venture capital through the investment activities of banks, to individual and organized investments by private persons. The stock market occupies probably the last place in this line.

[FIGYELO] A number of signs indicate that the evolution of the small enterprise in Hungary is not simply a matter of financing. For example, there are not enough

applicants for World Bank credits earmarked for the purposes of small enterprise.

[Hirsich] However surprising this may seem, there are similar problems also in the United States. Many people are unaware of the various credit opportunities, of funds available to small enterprises, and many are unable to complete the necessary paperwork; they do not know what process is necessary for them to obtain money. Also in Hungary the government should see to it that potential users of credit are aware of financing opportunities, and every starting businessman should receive advice concerning financial opportunities.

[FIGYELO] Let's move on from the small enterprises to the large ones. Obviously, you must also have been touched by the wind of proprietary debate that goes on in Hungary.(...)

[Gross] In regard to ownership the biggest mistake one can make is not to decide. It is apparent that the factories cannot be returned to the old owners, and that they do not want to return the factories to the old owners. Accordingly, some artificial structure must be developed. In my view the state should provide 25 percent of the enterprise assets. A further 25 percent should be contributed by the banks, and the same should be contributed jointly by management and by the employees. Anyone should be able to contribute the remaining 25 percent: foreigners, private persons could buy that share. It is possible that this would not be the final solution, on the other hand debating the issue endlessly while there is simply no owner is impossible.

[FIGYELO] It appears that real ownership rights are sliding increasingly into the hands of management. Do you recognize a difference between the mentalities of Hungarian and Western managers?

[Gross] In most Hungarian enterprises it is possible to find those people who could lead the enterprise with a Western managerial outlook. On top, this is not something very difficult, these people are known in every enterprise, and if an outside observer visits such an enterprise he can find out for himself in two or three days.

[Hirsich] I see two areas of shortcomings in the outlook of Hungarian managers. One is customer orientation i.e. that reflex Western managers have by which "my standard of living is directly dependent on whether the customer will or will not buy my product." The other shortcoming is the need for stringent control over financial processes, the so-called cash flow management. The Western manager accurately knows at any given time how much money he has to do business with, how much is left for wages if he spends so much on raw materials and other expenses. Accordingly, he is managing the venture's money continuously, on a daily basis.

[FIGYELO] In conclusion, based on your six months experience in Hungary, would you venture to make some kind of an economic forecast?

[Gross] Hungary will fail unless there is no substantial improvement in the infrastructure in five years. But I am an optimist, there is talent here, there is challenge, this country will flourish by the middle 1990's.

[Hirsich] Also I place my confidence in the creativity and the capacity for renewal of people. After all, these two virtues are the secret of America's success. As long as the government takes those painful, but necessary steps, and at the same time grants financial autonomy to the people, these virtues can evolve also in Hungary.

[Gross] I would add this much: Western Europe and the United States have also gone through the painful changes which can be projected here, accompanied by unemployment and high inflation. The Pittsburgh steelworker laid off from his job has three possibilities. He can live out of his unemployment compensation, he can make hamburgers for five dollars an hour instead of the earlier 25 dollars, or, he can begin thinking what to do, whether he should have himself retrained, or learn a new skill, and so on. I recognize the fact that it would be impossible to make a programming mathematician out of a 50-year-old steelworker. But in this country the "do it yourself movement" has great tradition, virtually everyone gardens and has a hobby at home. If forced to do so, people can start out something also with this knowledge.

Rubber Industry: U.S.-Hungarian Joint Enterprise

25000396b Budapest HETI VILAGGAZDASAG in
Hungarian 29 Jul 89 p 9

[Interview with Violet and George Adler: "A Nostalgic Deal With Taurus"; date and place not given]

[Text] The Taurus Rubber Industry Enterprise has simultaneously formed two stock corporations with the American Adler and Brady Rubber Co. Two of the American participants in the new enterprises are a couple of Hungarian origin: Violet and George Adler. Although business started out promising, the couple did not have favorable experiences regarding the conditions of establishing a firm.

[HVG] Why did you invest your dollars in Taurus, and in general, why is it worthwhile for a foreigner to invest in Hungary today?

[Adler] In order to understand our present business undertaking we must go back 20 years in time. After emigrating in the mid-1960's we established a company that sold various products related to printing technology. Our starting capital was 4,000 dollars. By now we are engaged in manufacturing, and our annual sales volume has reached 30 million dollars. At the same time, however, we never severed our ties with our homeland. Whenever we came home we were always looking for Hungarian products we could import in order to expand our product line. We found Taurus by accident, we could say as a result of family acquaintances. We offered to jointly manufacture rubber cylinders used in offset printing technology—called

"printer's blankets" in the trade—and Taurus president Ilona Tatai thought the idea was good and thus the Nyiregyhaza factory unit of the enterprise is now beginning production. In addition to becoming 55-percent majority stockholders, we provided machinery and technical know-how. We contributed 600,000 dollars of initial capital, while Taurus contributed 26 million forints. The peculiar feature of the business structure is that parallel with the Nyiregyhaza stock corporation we established another stock corporation in New York. It will sell the printer's blankets.

[HVG] Here in Hungary few are satisfied with the laws designed to lure foreign capital. How do you view the investment opportunities?

[Adler] We feel that the government and our partners are prepared to help, but we must say that there is an awful lot of time-consuming paperwork and bureaucratic fumbling. Why is there so much documentation needed? In America, if let's say two persons put together 10 dollars in order to realize an idea, a firm is registered instantly for a 30-dollar fee. Here it takes several months. To send a telefax message one needs at least two approvals within the enterprise. When we began to assemble the manufacturing works in Nyiregyhaza, not a few workers thought that the requirement for immaculate cleanliness was some new American "craze." This, and similar "minor" things caused our American business partner, Mr. Brady, to leave us on our own. The business survived only as a result of Violet's staying power and her nostalgia: After all she was born in Nyiregyhaza, and she wants to show what a little country girl, or as they put it over there: a local girl can accomplish.

[HVG] But despite all this, you are not altruists, are you? How much in profits are you counting on?

[Adler] Our sense of business confidence can best be conveyed by the fact that regular production will begin only in September, but we already accepted obligations to deliver. This year we are counting on 3 million dollars worth of sales, next year we are expecting 5 million dollars in sales. Our venture could be more profitable if Taurus could obtain in Hungary the textiles needed for the manufacture of printer's blankets, in addition to the rubber shipments. Despite a thorough search we were unable to find a Hungarian shipper. No one agreed to comply with our quality standards.

Zwack Distillers Return to Hungary

'Unicum' To Be Made in Budapest

25000374a Budapest NEPSZABADSAG in Hungarian
11 Jul 89 p 4

[Article by Csaba Egerszegi: "Zwack Will Be More Expensive: Unicum to the World Market—From Budapest"]

[Text] The founding charter of Zwack Unicum Budapest Ltd. Liability Corp. [Kft] was signed in the Forum Hotel

last Monday. Commerce Minister Tamas Beck and the US Ambassador to Hungary, Mark Palmer, were present. At a press conference preceding the signing ceremonies Eva Schleicher, the kft's managing director reminded reporters that the Zwack firm was established in Budapest, 1940, and that it manufactured more than 220 kinds of liqueurs and brandies—among these the most famous one: Zwack Unicum.

The founding capital of Zwack Unicum Budapest Kft is 60 million forints, of which 50 percent was provided by Peter Zwack Consorten AG., 46 percent by the Budapest Liqueur Industry Enterprise (Buliv), and two percent each by the Hungarian Credit Bank, Inc., and Monimpex. Since development will take several months, Zwack Unicum will not appear on the market instantly. This year only a few hundred thousand liters will be manufactured. For next year, however, plans call for the manufacture of 2.2 million liters in Buliv facilities.

As it turned out at the press conference, Hungarian customers will have to buy the new product at higher prices, because they must pay for the Zwack trademark.

Perhaps in the future it will be possible to deliver satisfactory quantities of Unicum to the Hungarian market. At present there is a shortage of this product. With its appearance in world markets, Zwack may become a profitable export commodity. Meanwhile, Hungarian consumers will by all means pay the price of Zwack becoming an export commodity.

Marketing Hungary Seen as Vital

25000374a Budapest FIGYELO in Hungarian
13 Jul 89 p 6

[Article by "DEM": "Peter Zwack: '... To Sell Hungary'"]

[Text] A few weeks ago newspapers reported that the government established a staff of foreign experts to develop the scientific background related to the global market opening. It is too early to say whether more operating capital will flow into Hungary as a result. The unceasing patriotism of a few emigrant businessmen engendered hope in many—perhaps this explains why several of the foreign consultants are of Hungarian origin.

Unicum liqueur manufacturer Peter Zwack's name cannot be found on the list, even though he is one of those who indeed are bringing back home part of their capital. Zwack is restoring the Hungarian manufacturing culture and fame of the savored drink. Zwack finds much to be criticized about the way the Hungarian economy functions, but he also finds many indications that warrant hope. In his view we started out luring foreign capital the wrong way. He would not have even thought of coming to Hungary had he not sympathized with the country, and had he not been emotionally tied to Hungary. He is filled with a desire to help. He has lived in the United States for 20 years. Accordingly, he is aware of the fact that perhaps the average American does

not even know where Hungary is. And many recall no more than that Hungary is part of the "Eastern bloc," and over there this is not the best recommendation.

Hungary must make itself known if it indeed wants to acquire operating capital. Hungary must march into the homes, the kitchens and the entertainment of Americans, in other words: into American consciousness. An image must be developed for Hungary, and that image must be sold to 250 million Americans so that Hungary's wines, pharmaceuticals, lifestyle, and so on become the fashion. Americans must accept the fact that simply speaking, they must invest in Hungary, because that is the right thing to do. The right thing for two reasons: First, because investing in Hungary makes excellent business sense and holds out the promise for good profits. And second, because politics cannot be erased from economic considerations, this small country is a bridge between Gorbachev's country and America. The bridge must be made stronger. In Mr Zwack's view a successful Gorbachev perestroika is in the interest of Americans because their export markets are slowly becoming saturated, and taking over the unified European fortress will be difficult. The Third World is insolvent. The huge Soviet market could be a gold mine. Americans must be made conscious of the fact that Hungary can help Gorbachev, and this is why they must focus on this small country.

Making our country known, "working over" American capitalists, managers and the people's consciousness is not an easy task. Not even in the short run could one expect to reduce the indebtedness as a result. But this is the only way to go, according to Mr Zwack.

Except that incompetence in marketing and in the management of our country is of terrible proportions. Among other things, Hungarian political marketing is in a rather primitive state. Zwack does not understand why we believe that after the passage of a few minutes anyone would recall statements made by our politicians in the course of their trips abroad. We have established our laws, then announced that we are expecting to receive operating capital. And we do not understand why that operating capital is not flowing. The fact that we have confidence in the influence of the Hungarian community [in the United States] is incomprehensible, or, it may be attributed to a total lack of understanding of American politics and public life. We should know that as compared to the Polish people and the Czechoslovakians the Hungarian diaspora has no political [power] to exert influence. Hungary "must be sold" to the Americans, like Herz salami. To accomplish this, "only" imagination, experience, connection, style and money are needed. A staff composed of Hungarian friends who have acquired [the skill to conduct] aggressive marketing strategy, and who know America well must be established. (Mr Zwack would be pleased to accept the leadership role, without compensation.) This staff would establish Hungary's image, they would proclaim that image everywhere. A good method to make the country known would be for American friends of Hungarians pass on key information about Hungary while playing golf or

tennis. A few leading politicians or leading capitalists must be persuaded to propagate the country's image.

An aggressive marketing and public relations campaign must be conducted in good style. Hungary must receive publicity.

The essence of political public relations is that Hungary become part of the American consciousness. The Hungarian people are reform-minded. There no longer exists an Iron Curtain and the dictatorship has ceased. A specialized American public relations firm must be hired to conduct the campaign. Its task would be to "sell" Hungary to the Americans. This is the cheapest way of advertising. Accordingly, Mr Zwack's prescription is as follows: public relations, friends of Hungary, aggressive marketing policies, and a unified image.

The well-known industrialist has offered his help several times already. He is waiting to be asked. Why shouldn't we accept his offer? Perhaps he indeed knows the Americans better than we do, here at home. Perhaps his methods work more slowly, but they bring more results than official political declarations and our regularly convened committees. This is so, because in vain are we enticing foreign capital by using traditional methods, for the time being we are not threatened by an invasion.

Government Promises Regulatory Relief for Entrepreneurs

25000388c Budapest HETI VILAGGAZDASAG in Hungarian 15 Jul 89 p 7

[Unattributed article: "VOSZ-Government Agreement"]

[Text] In the future, the government will involve the National Association of Entrepreneurs (VOSZ) in every matter affecting entrepreneurs, according to a statement released following last week's negotiations between five government ministers and VOSZ representatives. The government also agreed to convey to representatives in Parliament VOSZ' separate opinion, in the event that no agreement is reached regarding certain specific proposals.

It was agreed at the meeting that within weeks some 18 regulations hindering entrepreneurial activities should be revoked. VOSZ president Janos Palotas told HVG these should be understood to mean rules requiring social security and pension benefit payments, and the related limited services received for such payments. Palotas regarded as disadvantageous rules by which workers pursuing entrepreneurial activities in the form of supplemental work only must pay so-called accident insurance premiums each and every month, even if in a given period there was no earned income. In addition, entrepreneurs are adversely affected by provisions requiring them to pay taxes after inventories according to general rules beginning in 1989. Unless changes are made in this regard, VOSZ estimates that between 20 and 30 percent of entrepreneurs will have to pay their full profits into inventory-related taxes. This assumption

was rejected by the Ministry of Finance earlier, but as part of last week's agreement the VOSZ received a promise that the matter will be reviewed. In retrospect, a concern arose from the fact that in the course of preparing 1988 rules for tax payments, the designers of the rules forgot to express the meaning of advance tax payments in the framework of penalties for late payments. In other words, persons having made only advance payments on taxes cannot be penalized on the basis of the rules. Under rules changes introduced in 1989, even a delayed payment of advance payments of taxes is subject to penalty, moreover, the law penalizes delays retroactively, also applicable to 1988. The entrepreneurs regard retroactive penalties as illegal, and consequently a solution must be found for the resolution of this issue, the VOSZ president stressed.

Inequities, Inaction, Corruption in Housing Described

On Verge of Collapse

*25000388a Budapest FIGYELO in Hungarian
13 Jul 89 pp 1, 4*

[Article by Peter Felix: "Housing Management: At the Threshold of Collapse"]

[Text] Perhaps no other state budget spends as much on housing management as ours. But only the budget is capable of squandering this money in such wasteful ways. If this continues, the entire state household may collapse in a short period of time.

This year's budget includes about 80 billion forints for preferred loans to construct condominiums and family homes, to subsidize rents paid for apartments, and for the maintenance of such apartments. Of this amount 11 billion forints constitute actual rental subsidies, 8 billion are earmarked for social policy subsidies, 12 billion subsidize local councils and rental apartment construction, and between 4 and 5 billion forints subsidize installment payments on new mortgage loans. The remaining 43 billion forints subsidize interest payments on old mortgage loans. General sales tax and personal income tax reductions related to housing management cost an additional 20 billion forints. For each forint paid in apartment rentals by tenants, the state contributes an additional 1.50 forints, while, for example in the case of a 400,000 forint, 3 percent—considered as average—mortgage loan the state assumes interest payments amounting to 5,000 forints per month. This is so, even though as of 1 January 1989 recipients of housing construction loans must also pay the prevailing market interest rate, and the previously stunningly grandiose credit assumptions present a higher than tolerable burden on the budget and distribute resources in an extremely unfair manner.

It has long been known that the present system cannot continue, but the former government would not accept

the responsibility of making a change in the fundamental structure of housing finance. And how about the present government?....

What are we talking about? A significant part of rental apartment subsidies is paid to persons who are ineligible for such payments. The apartment renewal funds can be plundered to a significant degree by a tight power elite. The examples are well known: Influential lessees have their apartments renovated, then purchase the same from the state at bargain prices. But this money is also used for the construction and renewal of various institutions, (the Szeged party building is one example,) and we could go on. Along with these arrangements the person renting an apartment enjoys regular ownership rights: while he receives subsidies from the state. He can sublet his apartment, or he may exchange it, yield it to someone in lieu of support, or bequeath it.

The larger and the more expensive the house one builds, the more favorable are the loan subsidies he is eligible to receive. This adds to the fact that whoever is able to enter into construction projects already enjoys from the outset better than average financial conditions. At the same time, with the application of prevailing market interest rates to residential mortgages this year, a rather broad segment of society has been deprived of the practical possibility of purchasing an apartment that serves even minimum needs, while recipients of earlier loans greatly enjoy the effects of inflation, which in such cases is beneficial. The majority which from a social welfare standpoint are in need of such subsidies do not receive any.

As a result of growing inflation the current system of housing finance could very rapidly become an expensive venture. It could mean 15-20 billion forints added expense to the budget next year, and 40-50 billion forints 2 years hence. The only resource which could compensate for this added expense would be a tax increase, an inconceivable idea from both a political and an economic standpoint. Thus, although reluctantly, the government is being forced to consider the possibility of comprehensive reform. Proposals prepared by working groups and committees left unanswered for decades are becoming the subjects of professional debate these days; newer than new proposals also come about, but an early decision can hardly be expected because there is no conceivable solution which would not substantially increase the burden on apartment renters and owners. From a practical standpoint, real reform would affect the entire Hungarian population in varying degrees; nevertheless it would impact at some sensitive points. And because a fair and humane solution is impossible, the government and the reigning party would have to count on public outrage, and an outburst of fury. Accepting this idea before the approaching elections would be tantamount to political suicide. For this reason the events take place nicely and quietly, and behind the scenes.

This is even more so because a significant part of the decisionmakers are the main beneficiaries of the current

system. They torpedo every attempt to raise rents or interest rates in the name of social justice, because they would be hardest hit by any significant change.

In any event, working groups and committees are feverishly negotiating, and, based on experience gained from debate, the adoption of several kinds of solutions is conceivable. Let's take first the larger problem, the issue pertaining to preferential credit. A retroactive change in the payment conditions of agreements reached prior to 1989 appears unavoidable.

There are three possibilities. The most drastic solution would call for a simple raising of interest rates to market levels, thus putting an end to state budgetary support. The second possibility would be to shorten the time in which loans must be repaid. The third would be to forgive as much as 70 percent of the outstanding loan balance provided that such loans are repaid in full. The latter alternative may be introduced in combination with the first or the second solution. The retroactive change would affect 2.6 million construction, apartment modernization, renewal, and public utilities development credit agreements.

It is not unessential to ask what Western capitalists would say, seeing that the most fundamental agreements in Hungary are being changed on a retroactive basis. Well, no one should be overly concerned, because the World Bank, our most important creditor, demands that changes take place as soon as possible. And insofar as the retroactive character of changes is concerned: It can be easily proven from a legal standpoint that the acceptance of any one of the above alternatives would not constitute a breach of contract. Loans do not originate from the National Savings Bank [OTP] which provides the loans, but from the state, with conditions defined in a Council of Ministers decree. The OTP merely incorporates these decrees into its contracts. In other words, in the event that legal provisions change, the issue is not one that pertains to a breach of contract, but solely to a change in the applicable Council of Ministers decree. In addition, there are other avenues to make the de facto breach of contract appear acceptable. For example, the state could assess a fee on preferential loans.

Turning to the issue that concerns rental apartments and apartment renters: Raising apartment rental fees appears unavoidable. Doubtless, present rents, including all rent increases thus far, are significantly below market values. It is equally true that salaries are also unjustifiably low, even if one takes into consideration the modest rate of production efficiency. Based on the available alternatives, the most acceptable solution appears to be one which determines rental fees and subsidies not on the basis of the apartment rented, but on grounds of the resident's demonstrated need. How could this be accomplished? Professionals are divided on the number of available and possible practical solutions. Many believe that rental fees should be simply tripled or quadrupled. This, however, would leave the system by which the amount of rent paid is determined untouched, and thus

would rule out from the outset the possibility of a market approach. At present the per square meter fee of an apartment depends on the degree of conveniences provided, but disregards the condition of those conveniences, and the area in which the apartment is located. A linear increase in rental fees would equally affect those living in rental barracks on Dob utca, still supported by provisional studs so that they do not collapse, as well as residents of council villas on Rozsadomb, as long as the level of conveniences provided is equal. Many suggest that the increase in rental fees should be varied based on zones. But this would not represent a real solution either, because the physical condition of rental apartments within any single zone is very different; moreover, it is likely that a majority of local councils would sabotage rental fee increases based on a "from" and "to" limitation (see the 10-percent special zone supplement).

Rental Payment Composed of Several Items

One proposal departs from the previous practice of determining the amount of rent to be paid, by offering a novel solution. According to this concept rental payments would be composed of several items. First the basic rental fee, or use fee. This amount would be determined on the basis of the prevailing market value of a given apartment, thus permitting differentiation between a 15,000 forint per square meter value in Jozsefvaros, and a value of as high as 45,000 forints per square meter in Rozsadomb. To simplify matters, let us use a 30,000 forint per square meter average apartment, and let us establish that it depreciates over a period of 100 years. Thus the replacement cost, i.e. the use fee itself, would amount to 300 forints per year, which is 25 forints per square meter per month. The proposal provides that henceforth all repairs inside the apartments would have to be paid for by the individual residents. For this reason, the lessor could reduce the use fee by about 40-50 percent.

The other part of the rental fee would consist of the costs of maintenance and operation. These costs can be determined very accurately based on data acquired earlier. Quite naturally, before this solution can be applied the fundamental condition is that real estate management firms account for the costs per each individual building. Wherever renewals were postponed for the time being, a certain percentage of the maintenance costs could be deducted. The advantage of this method would be that rental fees would vary depending on the value of rental premises. Undoubtedly, application of this method would significantly increase the burden on people residing in rented apartments, while in practice the Real Estate Management Enterprise [IKV] would provide even fewer services than it does now, because repairs within the apartments would be the duty of, and an expense of, renters.

A dangerous situation would evolve if increased rents accomplished no more than a reduction in state subsidies. On the one hand, at present the amount of money available for spending is very little (particularly if one

manages his money impulsively and wastefully), and it would be a crime to remove further capital from the housing sphere; on the other hand, rental income would not cover renewal costs precisely where such funds are most needed. Notably, the more devastated a building is, the smaller the rental payment the landlord may expect to receive. It is hardly conceivable that a district or city in a relatively more favorable condition where the total cost of renewals to be performed is less would voluntarily transfer resources to more needy districts or cities. Accordingly, there is a need for a central fund.

The question of whether it is worthwhile to leave the 825,000 rental apartments under state management is similar. Opinions also vary in this respect. According to the present official position the sale of rental apartments must be accelerated by using every available means. Nevertheless determinations were made in vain once it became apparent that the legal regulation of sales practically disregarded the decision made in principle.

Outflowing Capital

Many regard the sale of rental apartments an ordinary crime. This view is based primarily on the idea that those willing and able to purchase their relatively well maintained apartments make undeserved high levels of income, and thus pocket immense profits. Nevertheless IKVs support this idea because the sale of rental apartments reduces their own concerns. They claim that permitting some people to get rich on such deals is still better than permitting presently still usable buildings to deteriorate. Under present conditions it seems likely that this fate would await many buildings; after all, the backlog of apartments awaiting renewal has increased year after year. In addition, IKV experts believe that local councils use about one-third of the state subsidies, which are declining in real value anyway, for different purposes.

There are other channels through which incredible amounts of capital flow out of the housing sector. IKVs do not receive funds earned in the sale of rental apartments, nor do they receive installment payments, and the use fees of business premises and rental apartments also end up at the councils. Capital amounting to many hundreds of millions, or even billions of forints is removed from the real estate market as a result of exchanging rental apartments or by transferring the management rights to business premises, of which the IKV does not see as much as a penny. Still IKV workers stress that the best thing to do under such circumstances would be to sell all the apartments for which there is a buyer.

A majority of the experts agree that the restriction on real estate acquisition presently in force should be abolished. Anyone should be able to purchase as many apartments as his entrepreneurial inclination suggests, and his pocketbook permits, thus providing supplemental capital resources to the housing market.

Accordingly, there is no shortage of plans; some of these have already been developed in legal terms and are supported by calculations. Accordingly the only real

obstacle is that the power elite and the professional elite which are supposed to make decisions would act against their own interests when making changes. Last year the Hungarian Socialist Workers Party [MSZMP] Politburo twice discussed the changing of residential loan conditions to include market interest rates. In both instances the idea was rejected on grounds of political considerations. This represents many billions of forints of additional expense for the state household. This intolerable, acute economic problem will remain the ever returning topic of futile political debate motivated in part by personal interests, unless the government stands up and does something at last.

Economic Reform Committee Proposal

25000388a Budapest FIGYELO in Hungarian
13 Jul 89 p 4

[Article by Peter Felix: "8,000 Forints per Month Installment Payments?"; first paragraph is FIGYELO introduction]

[Text] Working Group No 1 of the Economic Reform Committee recently developed a proposal for changing the housing finance system. We are summarizing the essence of this proposal, aware of the fact that some of the statements are highly debatable.

The proposed systems change should alleviate the pressure exerted on the state budget. According to committee members, part of the income needed for housing finance should be obtained by increasing work expenses, i.e. through wage increases, at the expense of enterprise income. At the same time the partial compensation of apartment rental increases by increased salaries provides an opportunity for reducing the enterprise tax rate. This is because the amount of state subsidies would be reduced, and the amount of reduction could be spent for this purpose. In the committee's view a decision which increases the burden on both apartment renters and on owners, and which then reallocates income in favor of those having no apartments, is unavoidable. Apartment rental fees must gradually exceed the current burden (without amortization) but including interest payments on privately owned apartments.

In view of these considerations the committee offers the following alternative solutions: "According to this variation rent payments and the interest or installment payments on preferred credits must be continuously and significantly increased without offsetting, until subsidies are eliminated in 2 to 3 years. The burden of such increases would be borne by apartment renters and debtors. No further comprehensive measures would be needed, but rental subsidies must be introduced to help the most needy, the affected pensioner and low income strata, and families with several children.

On the basis of alternative "B" the increase of the burden—offset in terms of wages and benefits—must be accomplished in one step, and a significant part of the added burden must be conveyed to employers. The

rental fee of state apartments would increase to triple the present level (by an average of 2,000 forints); this would cover maintenance and renewal costs in the event that the IKV is discontinued, or if IKV is changed into a service organization. Simultaneously, the old preferred housing credit agreements must be changed by virtue of a decision rendered by Parliament. Several alternatives are available in this respect.

To require that henceforth interest payments on outstanding debts be made at prevailing market rates is possible in principle, but is impossible from a practical standpoint in the upcoming period. In this way budgetary subsidies could be discontinued. In this case the incremental burden on the populace would be highly differentiated and heavy, (ranging from 100 forints to 8,000 forints depending on the time when the loan was initiated).

The other alternative would be the requirement of accelerated equity payments (for example by increasing the rate of equity payments by three or four times). This would result in a far more even incremental burden (between 1,500 and 2,000 forints per month) than that resulting from increased interest rates. Direct budgetary subsidies for interest payments would be reduced only by 2 or 3 billion forints in 1990, but the credit sphere would have an added resource of between 30 and 40 billion forints, and the total amount of preferred loans outstanding would be halved within 4 to 5 years.

A multistep solution is also possible. This would take into consideration the size of installment payments, and the possibility of adding a further burden to such payments. (The possibility of adding burdens essentially depends on when a loan was initiated.) Interest rates would increase to the level of market rates, but a system of subsidies would be introduced.

The added burden on the population (50 billion forints) could be offset in whole or in part (applicable to the entire population or to part of the population) through wages, pensions, and family supplements. The committee believes that full compensation would not be warranted, because part of that fund should be used for the construction of state social welfare rental housing projects. This would significantly decrease concerns about the ability to acquire housing.

A further question is whether compensation should be made on a general or on an individual basis. The committee believes that a greater part of the offsetting should be realized in the form of average-sized general compensation. A smaller part may be administered on an individual basis. For example, part of the increased burden could be recovered in the form of an income tax deduction or of social policy subsidies. (This solution could moderate the extent to which the increase in burden from an individual standpoint is differentiated, and would exert less inflationary effects.)

The inclusion of the offsetting amount as part of wages and benefits would constitute increased income to persons who do not live in rented apartments, or who are not indebted. The added income could be retained by persons without an apartment, because these funds could serve as advance savings for the purchase of an apartment. Persons whose apartments were fully paid off should repay a greater part of the added income. This could be resolved by the introduction of an apartment tax amounting to about 0.5 percent of the value of the apartment. This would become council revenue and could be used for infrastructural development. Persons who used credit financing could deduct part of the actually paid interest from their taxes. In this way, they would not pay apartment taxes for about 10 years. At the same time this would reduce income, as well as the differentiation of assets. The average tax would be 500-800 forints.

Since these steps would lead to a dramatic regrouping of income and to societal debate, the committee feels that the following should be examined: Is it possible to implement only smaller income regrouping measures between 1990 and 1992? If so, housing reform should be postponed until after 1992, by which time, hopefully, real wages will have begun to increase, and the loss of value in pensions will have moderated. The development of this kind of reform alternative is indispensable.

A substantial change in the housing sector requires the invigoration of the supply side of the market, an increase in entrepreneurial residential construction, and the evolution of competition in the building industry. The expansion of supply also necessitates tax incentives related to residential construction, regardless of whether a person builds his own home or a rental building. Real estate management enterprises which operate in a bureaucratic manner and at high cost must be discontinued. Their role could be assumed by small cooperatives. Residential communities in rental facilities should be given the right to involve themselves in the disposition of rental amounts, and the control of such funds. The sale of apartments and commercial premises on a business basis also should be encouraged.

IKV's View

25000388a Budapest FIGYELO in Hungarian
13 Jul 89 p 4

[Unattributed article: "The IKV Future"]

[Text] Several persons making recommendations regarding the reorganization of housing finance suggested that IKVs should be discontinued. How does a concerned IKV director view this suggestion? Ferenc Sikonya, the Budapest 7th district IKV chief, responds:

"I regard the liquidation of IKVs as totally illusory. Real estate management is a separate trade; without it one could simply not deal with residential building maintenance. Nevertheless there is a need for fundamental reorganization. First of all, one provision of the land law

must be changed. According to that provision only a state real estate manager can manage a state owned residential facility. Second, state supervisory authority over IKVs should be discontinued, thus turning IKVs into independently managed businesses.

"Local councils, as owners, could establish a coordinating office. Its function would be to collect rental payments and to issue bid requests for the performance of maintenance and renewal work; and of course anyone else besides IKV could submit bids for such jobs. IKV's organizational structure would change: It would be composed of horizontally stratified units. For example, an independent unit would be engaged in building maintenance work, renewal, and maintenance, while another would perform construction, a third would be engaged in transportation, and a fourth would act as real estate brokers. In this way the IKVs could become actual service providers and could contribute to the strengthening of competition in the building industry.

Management Problems Plague Aszod Hazardous Waste Facility

25000388b Budapest HETI VILAGGAZDASAG in Hungarian 15 Jul 89 pp 69-70

[Article by Gabor Juhasz: "The Aszod Waste Disposal Facility—A Finale"]

[Text] Some new details came to light last week concerning environmental pollution within the boundaries of the Kiskunsag State Farm. As it turned out, part of the hazardous waste stored irregularly at Apajpuszta is transported to the Aszod waste deposit facility. The latest development in Aszod: Disciplinary action was initiated in late June against the director of the enterprise which operates the waste disposal facility.

Environmental protection authorities estimate that thus far the several months of "military maneuvers" to find out the actual number of hazardous waste containers secretly buried within the boundaries of the Kiskunsag State Farm have cost about 10 million forints. Aerial photographs were taken of a 120-square-kilometer area. Areas that became suspect on the basis of the photographs were then examined by so-called georadar, to pinpoint the buried metal barrels. Having prepared a map of waste concentrations, subsequent action is indeed the responsibility of the military: This week the army's chemical defense units will "occupy" the area; it will be their task to qualify and classify the waste.

How long this will take is unknown, however it has by now become certain that part of the waste stored or buried at Apajpuszta will be transported to Aszod, according to a news briefing held last week. Construction of the country's first hazardous waste facility was completed early June in Aszod, and experts believe that the facility could securely store the residue produced by the Apajpuszta waste incinerator. The management of the Aszod facility may even rejoice over the past pirate activities of the Kiskunsag State Farm. Although the

facility has been receiving waste for more than month, fewer than expected "waste producing" enterprises have appeared during the past few weeks to deposit hazardous waste and to pay between 25,000 and 30,000 forints per cubic meter of waste.

The question is whether this has anything to do with the ongoing management crisis at Earth Machine Environmental Protection and Service Subsidiary (FKSZV), the investor and operator of the Aszod facility. Stripped of some legal complexities, the story is that FKSZV Director Pal Rozsa was "suspended," and that disciplinary proceedings were initiated against him in late June on grounds that he violated his official duties. At first sight the most curious aspect of the matter is that these actions were taken on the basis of a decision made by the head of the enterprise which built the Aszod facility; in turn, Rozsa believes that the action was taken because in recent months he criticized the quality of construction with increasing frequency. And the builder is no other than Rozsa's firms' FKSZV parent enterprise, the Earth Machine and General Underground Construction Enterprise (FAMV). Thus the director of the building firm exercises employer's rights over the director of the investing firm.

Work at Aszod to build the country's first permanent hazardous waste deposit facility with 60-percent state funding began in 1986 (HVG 18 Oct 86). As agreed to by the authorities, the FAMV established a subsidiary to act as the facility's investor and operator, while construction itself was performed by the parent company without calling for competitive bidding.

Nevertheless the delivery date was constantly postponed, at first from 31 July 1988 to 15 October, then to 15 May 1989. According to the director of the investor subsidiary the construction company's work is disorganized and unprofessional, while the director of the construction firm claims that indeed no one in Hungary could predict with certainty how long such work would take, thus the prescribed deadlines were based only on estimates. Plans were changed several times in the course of construction, and invoking security concerns and requests by the neighboring populace the authorities prescribed more and more work to be performed (HVG 17 and 24 Sep 88). On top of this, as a result of the introduction of general sales taxes [AFA], the pace of construction was drastically reduced because no funding was available for a while to support the investment, according to the FAMV director.

Last March the relationship between the two enterprises—parent and subsidiary—deteriorated after the construction firm cancelled even the May deadline by way of a telex message, although work continued. At that point, seeking protection, the director of the subsidiary turned to the parent company's enterprise council (VT). He explained in a letter that conduct manifested by the builder was producing new delays which would jeopardize both enterprises and would have catastrophic consequences. We were told by FAMV Director Peter Racz

that the 10 March letter did not reach members of the VT, because the firm's VT chairman "recognized the fact that the letter contained obviously unfounded accusations," and therefore did not forward it to the members.

On the other hand, 3 days later the director of the parent company exercised his rights as employer and ordered the complaining head of the subsidiary to parent company headquarters, initially for a 3-month period. There he was assigned work, among other matters the collection of payments due to the enterprise. The FKSZV director regarded the assignment as revenge, and together with three fellow managers notified in writing Gyorgy Perczel, deputy minister of the Environmental Protection and Water Resource Management Ministry (KVM), that after all this they "could not accept moral and financial responsibility for the investment's future." They were particularly aggrieved by the fact that for the period of their headquarters assignment an FAMV deputy president was put in charge of the subsidiary, and thus a conflict of interest, an inconsistency, exists between the two assignments. Rozsa responded to our question.

At KVM the letter was viewed as a statement made in the public interest. They initiated an investigation to examine the details of the investment. As the ministry revealed, the investigation is only half complete, and thus they cannot report results. Accordingly it remains unclear whether the parent construction company abused its power and the dependency of the investor. Questions also focus on whether indeed the construction firm tried to account for certain work performed several times, whether certain work was charged at prices higher

than the actual cost, and whether a 56-million-forint performance bond is due the subsidiary, as Rozsa says it is, because of the delayed delivery of the plant.

The parent company's director claims that the real reason for calling Rozsa to report at headquarters was dissatisfaction in the parent company's leadership with the work performance of the head of FKSZV. They felt that the May technical delivery deadline for the Aszod facility could be maintained only if the leadership changed (Delivery did take place in May.) "Both firms would have been endangered, had I not decided that Rozsa report to headquarters," according to Racz. He explained that payments on construction bank credits taken by FKSZV would have begun even if delivery had been further delayed. Lacking income, the subsidiary would not have been able to make those payments. "On the other hand, we act as guarantors for obligations incurred by the subsidiary," the FAMV director argued. In addition, after opening the facility the expected pace of waste deliveries by other enterprises did not materialize because the FKSZV leadership "forgot about" marketing and advertising.

Regardless of what the KVM investigation or the disciplinary action will reveal, it seems certain that future hazardous waste deposit facilities will not be constructed in Hungary using the same organizational structure. After hearing of the arguments about Aszod, the authorities are seeking solutions in the opportunities offered by the law on business organizations. We also learned that the Ministry of Industry will insist, for example, on calling for competitive bids by all means, relative to the construction of the third hazardous waste deposit facility, the one to be constructed in the Val-Vertesacsza area.

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